

BANK BRADESCO  
Form 6-K  
August 07, 2018

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of August, 2018**  
**Commission File Number 1-15250**

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**BANCO BRADESCO S.A.**  
(Exact name of registrant as specified in its charter)

**BANK BRADESCO**  
(Translation of Registrant's name into English)

**Cidade de Deus, s/n, Vila Yara**  
**06029-900 - Osasco - SP**  
**Federative Republic of Brazil**  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of  
1934.

Yes ☐ No ☒

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Some numbers included in this Report have been subjected to rounding adjustments.

As a result, some amounts indicated as total amounts in some charts may not be the arithmetic sum of the preceding numbers.

Percentage variations not presented in the framework of this report, are related, in their majority, to the low value balances compared with the other periods presented.

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## Interest-Earning and Non-Interest Earning Portions

### Average Net Interest Income Rate

| R\$ million  | 2Q18          | 1Q18          | 2Q17          | 1H18          | 1H17          | Variation      |                |                |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
|  |               |               |               |               |               | 2Q18 x<br>1Q18 | 2Q18 x<br>2Q17 | 1H18 x<br>1H17 |
| <b>Net Interest Income</b>                             |               |               |               |               |               |                |                |                |
| NII - Interest-earning portion - due to volume         |               |               |               |               |               | 242            | (76)           | (577)          |
| NII - Interest-earning portion - due to spread         |               |               |               |               |               | (756)          | (723)          | (629)          |
| - NII - Interest Earning Portion                       | 14,979        | 15,493        | 15,778        | 30,472        | 31,678        | (514)          | (799)          | (1,206)        |
| - NII - Non-Interest Earning Portion                   | 105           | 193           | 114           | 298           | 250           | (88)           | (9)            | 48             |
| <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>(602)</b>   | <b>(808)</b>   | <b>(1,158)</b> |
| <b>Average Net Interest Income Rate <sup>(1)</sup></b> | <b>6.2%</b>   | <b>6.6%</b>   | <b>7.0%</b>   | <b>6.4%</b>   | <b>7.0%</b>   |                |                |                |

(1) Average rate in the quarter/ cumulative in the period = (Net Interest Income / Total Average Assets - Repos - Permanent Assets).

### Interest Earning Portion – Average Rates (12 months)

| R\$ million | Credit Intermediation <sup>(1)</sup> |                 |              | Insurance                |                 |              | ALM / Other <sup>(1) (2)</sup> |                 |              | Total                    |
|-------------|--------------------------------------|-----------------|--------------|--------------------------|-----------------|--------------|--------------------------------|-----------------|--------------|--------------------------|
|             | NII -                                |                 |              | NII -                    |                 |              | NII -                          |                 |              | NII -                    |
|             | Interest Earning Portion             | Average Balance | Average Rate | Interest Earning Portion | Average Balance | Average Rate | Interest Earning Portion       | Average Balance | Average Rate | Interest Earning Portion |
| <b>2Q18</b> | 12,127                               | 428,486         | 11.4%        | 988                      | 252,485         | 2.2%         | 1,864                          | 346,714         | 2.1%         | 14,979                   |
| <b>1Q18</b> | 11,690                               | 415,962         | 11.6%        | 1,526                    | 249,299         | 2.4%         | 2,277                          | 367,642         | 2.1%         | 15,493                   |
| <b>2Q17</b> | 12,517                               | 425,463         | 12.0%        | 1,193                    | 232,075         | 2.6%         | 2,068                          | 398,788         | 1.7%         | 15,778                   |
| <b>1H18</b> | 23,817                               | 422,224         | 11.4%        | 2,514                    | 250,892         | 2.2%         | 4,141                          | 357,178         | 2.1%         | 30,472                   |
| <b>1H17</b> | 25,298                               | 428,936         | 12.0%        | 2,674                    | 229,716         | 2.6%         | 3,706                          | 403,719         | 1.7%         | 31,678                   |

(1) As of 1Q18, we considered the margin of the financial assets of fixed income, with characteristics of credit (mortgages, debentures) in the margin of credit intermediation, formerly classified as ALM/others. For the purposes of comparability

the previous periods have been reclassified; and

(2) It reflects, mainly, the operations of the treasury in asset and liability management (ALM).

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**Interest Earning Portion – Volume Variation vs. Spread**

- Credit Intermediation – the evolution in the quarter is linked, mainly, to the largest average volume of business, highlighting the origination of credit, whose daily average grew by 15% compared to the 1Q18 and by 31% in relation to the 2Q17. The reduction of the average spreads in other periods reflects the lower interest rate and the change of the mix of loan portfolios, which is directed to products with a lower rate and risk, such as, for example, credit for real estate financing, payroll-deductible loans and CDC vehicles.
- Insurance - the performance of the periods was impacted by volatility in the stock market and a lower interest rate in relation to the 2Q17, as well as the behavior of the market indices, mainly the IGP-M, which has grown both in comparison with the previous quarter as compared to the 2Q17.
- ALM / Other – reflect, in their majority, the operations of the treasury in managing assets/liabilities (ALM), mainly impacted by the behavior of the pre-fixed rate.

**R\$ million****NII - Earning Portion Breakdown**

|                                       | 2Q18          | 1Q18          | 2Q17          | 1H18          | 1H17          | Variation      |                |                |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
|                                       |               |               |               |               |               | 2Q18 x<br>1Q18 | 2Q18 x<br>2Q17 | 1H18 x<br>1H17 |
| Credit Intermediation                 | 12,127        | 11,690        | 12,517        | 23,817        | 25,298        | 437            | (390)          | (1,481)        |
| Insurance                             | 988           | 1,526         | 1,193         | 2,514         | 2,674         | (538)          | (205)          | (160)          |
| ALM/Other                             | 1,864         | 2,277         | 2,068         | 4,141         | 3,706         | (413)          | (204)          | 435            |
| <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>(514)</b>   | <b>(799)</b>   | <b>(1,206)</b> |

**R\$ million****Volume x Spread**

NII - Interest-earning portion - due to volume

NII - Interest-earning

|                       |        |           |        |           |        |        |        |        |        | NII - Interest-Earning Portion |        |        |
|-----------------------|--------|-----------|--------|-----------|--------|--------|--------|--------|--------|--------------------------------|--------|--------|
| Credit Intermediation |        | Insurance |        | ALM/Other |        |        |        |        |        |                                |        |        |
| 2Q18 x                | 2Q18 x | 1H18 x    | 2Q18 x | 2Q18 x    | 1H18 x | 2Q18 x | 1H18 x | 2Q18 x | 1H18 x | 2Q18 x                         | 2Q18 x | 1H18 x |
| 1Q18                  | 2Q17   | 1H17      | 1Q18   | 2Q17      | 1H17   | 1Q18   | 2Q17   | 1H17   | 1H17   | 1Q18                           | 2Q17   | 1H17   |
| 352                   | 89     | (396)     | 20     | 105       | 246    | (130)  | (270)  | (427)  |        | 242                            | (76)   | (577)  |
| 85                    | (479)  | (1,085)   | (558)  | (310)     | (406)  | (283)  | 66     | 862    |        | (756)                          | (723)  | (629)  |

portion - due to  
spread

**Variation NII -  
Interest-Earning  
Portion**

|     |       |         |       |       |       |       |       |     |       |       |         |
|-----|-------|---------|-------|-------|-------|-------|-------|-----|-------|-------|---------|
| 437 | (390) | (1,481) | (538) | (205) | (160) | (413) | (204) | 435 | (514) | (799) | (1,206) |
|-----|-------|---------|-------|-------|-------|-------|-------|-----|-------|-------|---------|

**Earning Portion of Credit Intermediation vs. ALL (Expanded)**

The increase in the average volume of business in this quarter, contributed to the growth of the credit intermediation margin, in addition, the improvement of the quality of the portfolio that has reduced the cost of delinquency (Expanded ALL) boosted the growth of the net margin in the periods.



The charts below refer to the Loan Portfolio, as defined by Bacen:

### **Flow of Maturities <sup>(1)</sup>**

The loan portfolio by flow of maturities of operations has, as one of its features, a longer profile, mainly due to the presence of real estate financing and payroll-deductible loans. It must be noted that, due to their guarantees and characteristics, these operations are not only exposed to lower risk but also provide favorable conditions to gain customer loyalty.

(1) Only normal course operations.

### **Delinquency Ratio**

#### **Over 90 days**

The delinquency ratio showed improvement for the fifth consecutive quarter, reflecting the better quality of the new captures and adjustments in the credit granting and credit recovery processes. Special highlight to the strong improvement in the segments of micro, small and medium-sized enterprises and individuals, that were benefitted also by the change of mix in the portfolio, which occurred during the periods. It is emphasized that the overdue balance of individuals and micro, small and medium-sized enterprises, in 12 months, have reduced 26% and 18%, respectively. In this quarter, we had a reduction of delinquency in large corporates, after three quarters of highs. Since the peak of total delinquency in March 2017, our index reduced by 1.7 p.p..

#### **15-90 days**

In the quarter and in the last 12 months, short-term delinquency presented improvement following the trend of reduction observed in the series. It is highlighted the improvement showed for micro, small and medium-sized enterprises. The increase in the segment of large corporates relates to specific cases.

In the 2Q18, loans were granted (without retention of risks and benefits, already written off as loss, in the amount of R\$3.5 billion), which does not alter the delinquency ratios in the period. The value of the sale of these portfolios did not significantly impact the result.

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### **Effective Coverage Ratio**

Accompanying the constant improvement of the delinquency ratio and the sequential reduction in the origination of credits in arrears (NPL Creation), the net losses of recoveries estimated for June 2018 point to 3.1%, resulting in a effective coverage ratio of 300%.

### **NPL Creation – 90 days vs. Write-offs**

As a reflection of the strengthening of the policy and of the processes of granting credit and credit recovery, the NPL Creation also follows the downward trend, reaching the lowest level of the last eleven quarters, underlining that in comparison with the previous quarter and with the 2Q17, the reduction occurred in all the segments.

We have demonstrated below the opening of the NPL Creation per business segment.

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## Coverage Ratio

The adjacent graph presents the behavior of the ratios covering the allowance for loan losses in relation to default credits exceeding 60 and 90 days. In June 2018, ratios showed very comfortable levels, reaching the highest historical level. Along with the allowance for loan losses required by Bacen, we have an excess provision of R\$6.9 billion to cover possible adverse scenarios, as well as other operations/commitments with credit risk.

## Bacen Portfolio vs. Expanded Portfolio

The loan portfolio (Bacen), which registers a positive increase in the quarter and in the last 12 months, was driven in this quarter, mainly, by the operations with companies. The operations with individuals, in the periods, showed a positive evolution in most of the products.

We emphasize that the average daily origination remains in progress, 15% higher compared to the previous quarter (Individuals +2% and Companies +24%) and 31% higher than the daily average of the 2Q17 (Individuals +24% and Companies +36%).

In the expanded portfolio, we highlight the growth of operations with debentures and promissory notes, which in large part are designed for large corporates.

|  | June18         | Mar18          | June17         | Variation % |            |
|--|----------------|----------------|----------------|-------------|------------|
|  |                |                |                | Quarter     | 12 months  |
| Individuals  | 181,751        | 176,879        | 170,876        | 2.8         | 6.4        |
| Companies  | 209,054        | 194,520        | 204,777        | 7.5         | 2.1        |
| <b>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)      |
| Operations bearing Credit Risk - Commercial Portfolio <sup>(1)</sup> | 47,776         | 38,336         | 41,132         | 24.6        | 16.2       |
| Other <sup>(2)</sup>   | 5,289          | 4,234          | 3,037          | 24.9        | 74.2       |
| <b>Expanded Loan Portfolio</b>                                       | <b>515,635</b> | <b>486,645</b> | <b>493,566</b> | <b>6.0</b>  | <b>4.5</b> |

(1) It includes debentures operations and promissory notes; and

(2) It considers letters of credit, advances of credit card receivables and co-obligation in the assignment (CRI and rural credit).

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### Expanded Loan Portfolio Breakdown By Customer Profile, Product and Currency

| R\$ million   | June18         | Mar18          | June17         | Variation % |              |
|---|----------------|----------------|----------------|-------------|--------------|
|   |                |                |                | Quarter     | 12 months    |
| <b>Individuals</b>                                    | <b>182,817</b> | <b>177,814</b> | <b>172,045</b> | <b>2.8</b>  | <b>6.3</b>   |
| <b>Consumer Financing</b>                             | <b>120,856</b> | <b>117,428</b> | <b>111,406</b> | <b>2.9</b>  | <b>8.5</b>   |
| Payroll-deductible Loans                              | 46,593         | 45,281         | 41,191         | 2.9         | 13.1         |
| Credit Card   | 33,606         | 32,982         | 33,525         | 1.9         | 0.2          |
| CDC / Vehicle Leasing                                 | 22,167         | 21,584         | 19,470         | 2.7         | 13.9         |
| Personal Loans  | 18,490         | 17,581         | 17,220         | 5.2         | 7.4          |
| <b>Real Estate Financing</b>                          | <b>35,618</b>  | <b>34,396</b>  | <b>32,926</b>  | <b>3.6</b>  | <b>8.2</b>   |
| <b>Other Products</b>                                 | <b>26,343</b>  | <b>25,990</b>  | <b>27,713</b>  | <b>1.4</b>  | <b>(4.9)</b> |
| Rural Loans   | 8,323          | 8,032          | 8,356          | 3.6         | (0.4)        |
| BNDES/Finame Onlendings                               | 6,214          | 6,376          | 6,633          | (2.5)       | (6.3)        |
| Other   | 11,806         | 11,582         | 12,724         | 1.9         | (7.2)        |
| <b>Companies</b>                                      | <b>332,818</b> | <b>308,831</b> | <b>321,521</b> | <b>7.8</b>  | <b>3.5</b>   |
| Working Capital                                       | 39,830         | 39,894         | 41,843         | (0.2)       | (4.8)        |
| Operations Abroad                                     | 35,982         | 28,436         | 32,590         | 26.5        | 10.4         |
| Export Financing                                      | 35,302         | 30,979         | 28,569         | 14.0        | 23.6         |
| Real Estate Financing                                 | 25,425         | 25,886         | 28,454         | (1.8)       | (10.6)       |
| BNDES/Finame Onlendings                               | 19,858         | 21,945         | 26,479         | (9.5)       | (25.0)       |
| Overdraft Account                                     | 6,787          | 6,894          | 7,195          | (1.6)       | (5.7)        |
| CDC / Leasing   | 7,868          | 7,371          | 7,010          | 6.7         | 12.2         |
| Rural Loans   | 7,300          | 6,248          | 6,719          | 16.8        | 8.6          |
| Sureties and Guarantees                               | 71,002         | 72,060         | 72,950         | (1.5)       | (2.7)        |
| Operations bearing Credit Risk - Commercial Portfolio | 47,776         | 38,336         | 41,132         | 24.6        | 16.2         |
| Other   | 35,688         | 30,782         | 28,578         | 15.9        | 24.9         |
| <b>Expanded Loan Portfolio</b>                        | <b>515,635</b> | <b>486,645</b> | <b>493,566</b> | <b>6.0</b>  | <b>4.5</b>   |
| Domestic Currency                                     | 472,294        | 451,469        | 452,066        | 4.6         | 4.5          |
| Foreign Currency                                      | 43,341         | 35,176         | 41,500         | 23.2        | 4.4          |

### Distribution by Business Sector

Besides the growth of operations of the Corporate and Middle Market segments in the quarter, we again show a positive performance in the mass market segments, such as Retail and Prime, which together have grown 9.5% in 12 months and 3.4% in

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the quarter, representing 35.0% of the total expanded portfolio.

| R\$ million   | June18         | %            | Mar18          | %            | June17         | %            | Variation % |            |
|---|----------------|--------------|----------------|--------------|----------------|--------------|-------------|------------|
|   |                |              |                |              |                |              | Quarter     | 12 months  |
| <b>Business Segments</b>                            |                |              |                |              |                |              |             |            |
| Retail  | 133,413        | 25.9         | 129,248        | 26.6         | 121,665        | 24.7         | 3.2         | 9.7        |
| Prime   | 46,926         | 9.1          | 45,180         | 9.3          | 42,997         | 8.7          | 3.9         | 9.1        |
| Corporate   | 238,253        | 46.2         | 217,294        | 44.7         | 230,005        | 46.6         | 9.6         | 3.6        |
| Middle Market                                       | 46,622         | 9.0          | 44,771         | 9.2          | 46,827         | 9.5          | 4.1         | (0.4)      |
| Other / Non-Checking Account Holders <sup>(1)</sup> | 50,421         | 9.8          | 50,152         | 10.2         | 52,071         | 10.5         | 0.5         | (3.2)      |
| <b>Total</b>  | <b>515,635</b> | <b>100.0</b> | <b>486,645</b> | <b>100.0</b> | <b>493,566</b> | <b>100.0</b> | <b>6.0</b>  | <b>4.5</b> |

(1) It consists, mostly, of non-account holders, originating from the credit cards, payroll-deductible loans and financing of vehicles activities.





### Expanded Loan Portfolio Concentration – By Economic Sector

| R\$ million                                | June18         | %            | Mar18          | %            | June17         | %            |
|--|----------------|--------------|----------------|--------------|----------------|--------------|
| <b>Economic Sector</b>                     |                |              |                |              |                |              |
| <b>Public Sector</b>                       | <b>12,494</b>  | <b>2.4</b>   | <b>11,577</b>  | <b>2.4</b>   | <b>12,337</b>  | <b>2.5</b>   |
| Oil, derivatives and aggregate activities  | 10,023         | 1.9          | 9,632          | 2.0          | 9,689          | 2.0          |
| Production and distribution of electricity | 1,228          | 0.2          | 1,194          | 0.2          | 2,049          | 0.4          |
| Other sectors                              | 1,243          | 0.2          | 751            | 0.2          | 599            | 0.1          |
| <b>Private Sector</b>                      | <b>503,141</b> | <b>97.6</b>  | <b>475,068</b> | <b>97.6</b>  | <b>481,229</b> | <b>97.5</b>  |
| <b>Companies</b>                           | <b>320,324</b> | <b>62.1</b>  | <b>297,254</b> | <b>61.1</b>  | <b>309,184</b> | <b>62.6</b>  |
| Real estate and construction activities    | 34,963         | 6.8          | 35,240         | 7.2          | 36,728         | 7.4          |
| Retail                                     | 32,949         | 6.4          | 29,853         | 6.1          | 32,531         | 6.6          |
| Transportation and concession              | 24,289         | 4.7          | 24,250         | 5.0          | 25,357         | 5.1          |
| Services                                   | 28,196         | 5.5          | 26,430         | 5.4          | 23,230         | 4.7          |
| Wholesale                                  | 14,229         | 2.8          | 13,920         | 2.9          | 14,185         | 2.9          |
| Automotive                                 | 15,199         | 2.9          | 12,691         | 2.6          | 16,279         | 3.3          |
| Food products                              | 14,119         | 2.7          | 10,727         | 2.2          | 12,602         | 2.6          |
| Other sectors                              | 156,380        | 30.3         | 144,143        | 29.6         | 148,272        | 30.0         |
| <b>Individuals</b>                         | <b>182,817</b> | <b>35.5</b>  | <b>177,814</b> | <b>36.5</b>  | <b>172,045</b> | <b>34.9</b>  |
| <b>Total</b>                               | <b>515,635</b> | <b>100.0</b> | <b>486,645</b> | <b>100.0</b> | <b>493,566</b> | <b>100.0</b> |

### Changes in the Expanded Loan Portfolio – By Rating

In addition, as a consequence of the reinforcement of the credit granting policies, and risk management, 94.1% of new borrowers were classified ratings from AA to C, collaborating with the improvement of quality of the loan portfolio.

| Changes in Expanded Loan Portfolio by Rating between June 2017 and 2018 | Total Credit on June 2018 |              | New customers between July 2017 and June 2018 |              | Remaining customers from June 2017 |              |
|---|---------------------------|--------------|---|--------------|------------------------------------|--------------|
|   | R\$ million               | %            | R\$ million                                   | %            | R\$ million                        | %            |
| <b>Rating</b>   |                           |              |   |              |                                    |              |
| AA - C  | 457,124                   | 88.7         | 25,388  | 94.1         | 431,736                            | 88.3         |
| D   | 12,733                    | 2.5          | 223   | 0.8          | 12,510                             | 2.6          |
| E - H   | 45,778                    | 8.9          | 1,379   | 5.1          | 44,399                             | 9.1          |
| <b>Total</b>  | <b>515,635</b>            | <b>100.0</b> | <b>26,990</b>                                 | <b>100.0</b> | <b>488,645</b>                     | <b>100.0</b> |

**Expanded Loan Portfolio – by Customer Profile and Rating (%)**

The range represented by credits classified between AA and C presented an increase in the periods, remaining at comfortable levels.

| <b>Customer Profile</b>                      | <b>June18</b>    |            |            | <b>Mar18</b>     |            |            | <b>June17</b>    |            |            |
|--|------------------|------------|------------|------------------|------------|------------|------------------|------------|------------|
|  | <b>By Rating</b> |            |            | <b>By Rating</b> |            |            | <b>By Rating</b> |            |            |
|  | <b>AA-C</b>      | <b>D</b>   | <b>E-H</b> | <b>AA-C</b>      | <b>D</b>   | <b>E-H</b> | <b>AA-C</b>      | <b>D</b>   | <b>E-H</b> |
| Large Corporates                             | 88.4             | 2.4        | 9.3        | 87.9             | 2.4        | 9.7        | 89.8             | 2.8        | 7.4        |
| Micro, Small and<br>Medium-Sized Enterprises | 85.8             | 3.7        | 10.5       | 84.8             | 3.8        | 11.4       | 83.4             | 4.2        | 12.5       |
| Individuals                                  | 90.4             | 2.0        | 7.6        | 89.9             | 2.1        | 8.0        | 88.3             | 2.2        | 9.4        |
| <b>Total</b>                                 | <b>88.7</b>      | <b>2.5</b> | <b>8.9</b> | <b>88.0</b>      | <b>2.6</b> | <b>9.4</b> | <b>88.1</b>      | <b>2.9</b> | <b>9.0</b> |

## Bacen Portfolio Indicators

With the aim of facilitating the monitoring of the quantitative and qualitative performance of our loan portfolio, a comparative summary of the main figures and indicators is presented below:

| R\$ million (except %)                                     | June18        | Mar18         | June17        | Variation %<br>(unless otherwise<br>Quarter 12 months) |              |
|--|---------------|---------------|---------------|--|--------------|
|  |               |               |               |  |              |
| <b>Total Provision</b>                                     | <b>35,240</b> | <b>35,763</b> | <b>37,536</b> | <b>(1.5)</b>   | <b>(6.1)</b> |
| - Specific   | 15,432        | 16,499        | 18,767        | (6.5)  | (17.8)       |
| - Generic  | 12,905        | 12,365        | 11,855        | 4.4  | 8.9          |
| - Excess   | 6,903         | 6,899         | 6,914         | 0.1  | (0.2)        |
| Specific Provision / Total Provision (%)                   | 43.8          | 46.1          | 50.0          | (2.3) p.p.   | (6.2) p.p.   |
| Total Provision / Loans (%)                                | 9.0           | 9.6           | 10.0          | (0.6) p.p.   | (1.0) p.p.   |
| AA - C Rated Loans / Loans (%)                             | 88.5          | 87.6          | 87.4          | 0.9 p.p.   | 1.1 p.p.     |
| D-rated Operations under Risk Management /<br>Loans (%)    | 2.9           | 3.0           | 3.3           | (0.1) p.p.   | (0.4) p.p.   |
| E-H rated Loans / Loans (%)                                | 9.1           | 9.4           | 9.3           | (0.3) p.p.   | (0.2) p.p.   |
| D-rated loans  | 11,175        | 11,137        | 12,331        | 0.3  | (9.4)        |
| Provision for D-rated loans                                | 1,675         | 1,710         | 1,894         | (2.0)  | (11.6)       |
| Provision / D-rated loans (%)                              | 15.0          | 15.4          | 15.4          | (0.4) p.p.   | (0.4) p.p.   |
| D-H rated Non-Performing Loans                             | 22,113        | 23,205        | 25,894        | (4.7)  | (14.6)       |
| Total Provision / D-to-H-rated<br>Non-performing Loans (%) | 159.4         | 154.1         | 145.0         | 5.3 p.p.   | 14.4 p.p.    |
| E-H Rated Loans  | 33,828        | 34,901        | 35,104        | (3.1)  | (3.6)        |
| Provision for E-H rated loans                              | 30,836        | 31,478        | 32,957        | (2.0)  | (6.4)        |
| Provision / E-H rated loans (%)                            | 91.2          | 90.2          | 93.9          | 1.0 p.p.   | (2.7) p.p.   |
| E-H rated Non-Performing Loans                             | 18,464        | 20,191        | 22,374        | (8.6)  | (17.5)       |
| Total Provision / E-to-H-rated<br>Non-performing Loans (%) | 190.9         | 177.1         | 167.8         | 13.7 p.p.  | 23.1 p.p.    |

## Funds Raised and Managed

| R\$ million  | Variation %      |                  |                  |            |            |
|--|------------------|------------------|------------------|------------|------------|
|  | June18           | Mar18            | June17           | Quarter    | 12 months  |
| Demand Deposits  | 31,882           | 33,177           | 30,601           | (3.9)      | 4.2        |
| Savings Deposits   | 103,077          | 101,777          | 95,737           | 1.3        | 7.7        |
| Time Deposits + Debentures   | 179,613          | 156,981          | 178,848          | 14.4       | 0.4        |
| Borrowing and Onlending  | 53,160           | 50,052           | 56,547           | 6.2        | (6.0)      |
| Funds from Approvals and Issuance of Securities                            | 153,303          | 142,590          | 131,510          | 7.5        | 16.6       |
| Subordinated Debts   | 19,171           | 22,993           | 31,053           | (16.6)     | (38.3)     |
| Eligible Debt Capital Instruments  | 23,585           | 23,155           | 22,623           | 1.9        | 4.3        |
| <b>Subtotal</b>  | <b>563,791</b>   | <b>530,725</b>   | <b>546,919</b>   | <b>6.2</b> | <b>3.1</b> |
| Securities Sold Under Agreements to Repurchase <sup>(1)</sup>              | 246,495          | 273,738          | 270,430          | (10.0)     | (8.9)      |
| Interbank Deposits   | 1,847            | 1,648            | 530              | 12.1       | 248.5      |
| Working Capital (Own/Managed)  | 86,410           | 86,026           | 79,193           | 0.4        | 9.1        |
| Foreign Exchange Portfolio   | 16,150           | 15,256           | 7,106            | 5.9        | 127.3      |
| Payment of Taxes and Other Contributions                                   | 3,483            | 3,341            | 3,362            | 4.3        | 3.6        |
| Technical Provisions for Insurance, Pension Plans and Capitalization Bonds | 252,072          | 251,231          | 233,640          | 0.3        | 7.9        |
| <b>Funds raised</b>  | <b>1,170,248</b> | <b>1,161,965</b> | <b>1,141,180</b> | <b>0.7</b> | <b>2.5</b> |
| <b>Investment Funds and Managed Portfolios</b>                             | <b>843,865</b>   | <b>841,983</b>   | <b>776,647</b>   | <b>0.2</b> | <b>8.7</b> |
| <b>Total Assets under Management</b>                                       | <b>2,014,113</b> | <b>2,003,948</b> | <b>1,917,827</b> | <b>0.5</b> | <b>5.0</b> |

(1) Does not consider debentures.

## Loans vs. Funding

In order to analyze Loan Operations in relation to Funding, the following should be deducted from the total client funding the amount committed to reserve requirements at Bacen, the amount of available funds within the customer service network, along with the addition of funds from domestic and foreign lines of credit that finance the demand for loans. We show low dependency on interbank deposits and foreign lines of credit, given its capacity to obtain funding from clients effectively.

This is a result of significant capillarity, the broad diversity of products offered, and the market's confidence in the Bradesco brand and the important presence in the client's sector.

Note that the use of funds provides a comfortable margin. It proves that we are capable of meeting demands for loaning funds through its own funding.

| R\$ million  | June18         | Mar18          | June17         | Variation %       |                 |
|--|----------------|----------------|----------------|-------------------|-----------------|
|  |                |                |                | Quarter           | 12 months       |
| <b>Funding vs. Investments</b>   |                |                |                |                   |                 |
| Demand Deposits + Sundry Floating  | 35,365         | 36,518         | 33,970         | (3.2)             | 4.1             |
| Savings Deposits   | 103,077        | 101,777        | 95,737         | 1.3               | 7.7             |
| Time Deposits + Debentures   | 179,613        | 156,981        | 178,848        | 14.4              | 0.4             |
| Funds from Financial Bills   | 149,901        | 139,720        | 128,529        | 7.3               | 16.6            |
| <b>Customer Funds <sup>(1)</sup></b>                                     | <b>467,956</b> | <b>434,996</b> | <b>437,084</b> | <b>7.6</b>        | <b>7.1</b>      |
| (-) Reserve Requirements   | (71,400)       | (70,814)       | (67,472)       | 0.8               | 5.8             |
| (-) Available Funds (Real)   | (10,495)       | (14,297)       | (9,680)        | (26.6)            | 8.4             |
| <b>Customer Funds Net of Reserve Requirements</b>                        | <b>386,061</b> | <b>349,885</b> | <b>359,932</b> | <b>10.3</b>       | <b>7.3</b>      |
| Borrow ing and Onlending   | 53,160         | 50,052         | 56,547         | 6.2               | (6.0)           |
| Other (Securities Abroad + Subordinated Debt + Other Borrow ers - Cards) | 69,241         | 73,940         | 79,705         | (6.4)             | (13.1)          |
| <b>Total Funding (A)</b>   | <b>508,462</b> | <b>473,877</b> | <b>496,184</b> | <b>7.3</b>        | <b>2.5</b>      |
| <b>Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)</b>   | <b>443,870</b> | <b>413,969</b> | <b>419,822</b> | <b>7.2</b>        | <b>5.7</b>      |
| <b>B / A</b>   | <b>87.3%</b>   | <b>87.4%</b>   | <b>84.6%</b>   | <b>(0.1) p.p.</b> | <b>2.7 p.p.</b> |

(1) It considers: Demand Deposits, Miscellaneous Floating, Saving Deposits, Time Deposits, Debentures (with collateral of repo operations) and Credit Notes (considers Mortgage Bonds, Letters of Credit for Agribusiness, Financial Bills and Structured Operations Certificate).

Below is an analysis of Grupo Bradesco Seguro's Balance Sheet and Consolidated Statement of Income.

### Consolidated Balance Sheet

| R\$ million  | June18         | Mar18          | June17         | Variation %       |                    |
|--|----------------|----------------|----------------|-------------------|--------------------|
|  |                |                |                | June18 x<br>Mar18 | June18 x<br>June17 |
| <b>Assets</b>  |                |                |                |                   |                    |
| <b>Current and Long-Term Assets</b>                                    | <b>289,821</b> | <b>289,487</b> | <b>267,902</b> | <b>0.1</b>        | <b>8.2</b>         |
| Securities   | 278,828        | 278,982        | 256,028        | (0.1)             | 8.9                |
| Life and Pension Plans   | 236,281        | 236,081        | 218,917        | 0.1               | 7.9                |
| Other Lines  | 42,547         | 42,901         | 37,111         | (0.8)             | 14.6               |
| Insurance Premiums Receivable  | 3,676          | 3,431          | 3,768          | 7.1               | (2.4)              |
| Other Loans  | 7,317          | 7,073          | 8,106          | 3.4               | (9.7)              |
| <b>Permanent Assets</b>  | <b>6,561</b>   | <b>6,158</b>   | <b>5,154</b>   | <b>6.6</b>        | <b>27.3</b>        |
| <b>Total</b>   | <b>296,383</b> | <b>295,645</b> | <b>273,056</b> | <b>0.2</b>        | <b>8.5</b>         |
| <b>Liabilities</b>   |                |                |                |                   |                    |
| <b>Current and Long-Term Liabilities</b>                               | <b>262,485</b> | <b>261,142</b> | <b>243,088</b> | <b>0.5</b>        | <b>8.0</b>         |
| Tax, Civil and Labor Contingencies                                     | 2,349          | 2,298          | 2,325          | 2.2               | 1.0                |
| Payables on Insurance, Pension Plan and Capitalization Bond Operations | 592            | 610            | 622            | (3.0)             | (4.9)              |
| Other liabilities  | 7,473          | 7,003          | 6,501          | 6.7               | 14.9               |
| Insurance Technical Provisions   | 15,791         | 15,260         | 15,471         | 3.5               | 2.1                |
| Life and Pension Plan Technical Provisions                             | 228,408        | 228,269        | 210,812        | 0.1               | 8.3                |
| Capitalization Bond Technical Provisions                               | 7,873          | 7,702          | 7,357          | 2.2               | 7.0                |
| <b>Non-controlling Interest</b>  | <b>649</b>     | <b>625</b>     | <b>588</b>     | <b>3.8</b>        | <b>10.4</b>        |
| <b>Shareholder's Equity <sup>(1)</sup></b>                             | <b>33,249</b>  | <b>33,878</b>  | <b>29,380</b>  | <b>(1.9)</b>      | <b>13.2</b>        |
| <b>Total</b>   | <b>296,383</b> | <b>295,645</b> | <b>273,056</b> | <b>0.2</b>        | <b>8.5</b>         |

(1) In June 2018, the shareholders' equity of Bradesco Seguros S.A., which controls the operational companies (insurance, pension and capitalization), is of R\$16,433 million.

## Consolidated Statement of Income

| R\$ million   | 2Q18          | 1Q18         | 2Q17          | 1H18          | 1H17          | Variation %    |                |                |
|---|---------------|--------------|---------------|---------------|---------------|----------------|----------------|----------------|
|   |               |              |               |               |               | 2Q18 x<br>1Q18 | 2Q18 x<br>2Q17 | 1H18 x<br>1H17 |
| Insurance Written Premiums,<br>Pension Plan Contributions<br>and Capitalization Bond<br>Income                    | 18,223        | 17,570       | 18,512        | 35,793        | 36,460        | 3.7            | (1.6)          | (1.8)          |
| Variation from Technical<br>Provisions for Insurance,<br>Pension Plans and<br>Capitalization Bonds <sup>(1)</sup> | (7,148)       | (7,710)      | (7,937)       | (14,858)      | (15,723)      | (7.3)          | (9.9)          | (5.5)          |
| <b>Premiums Earned from<br/>Insurance, Pension Plan<br/>Contribution and<br/>Capitalization<br/>Bond Income</b>   | <b>11,075</b> | <b>9,860</b> | <b>10,575</b> | <b>20,935</b> | <b>20,737</b> | <b>12.3</b>    | <b>4.7</b>     | <b>1.0</b>     |
| Retained Claims   | (6,628)       | (6,253)      | (6,535)       | (12,881)      | (12,851)      | 6.0            | 1.4            | 0.2            |
| Capitalization Bond Draw s<br>and Redemptions   | (1,472)       | (1,265)      | (1,409)       | (2,737)       | (2,709)       | 16.4           | 4.5            | 1.0            |
| Selling Expenses  | (770)         | (827)        | (850)         | (1,597)       | (1,769)       | (6.9)          | (9.4)          | (9.7)          |
| <b>Results of Operations from<br/>Insurance, Pension Plans<br/>and Capitalization Bonds</b>                       | <b>2,205</b>  | <b>1,515</b> | <b>1,781</b>  | <b>3,720</b>  | <b>3,408</b>  | <b>45.5</b>    | <b>23.8</b>    | <b>9.2</b>     |
| General and Administrative<br>Expenses  | (752)         | (690)        | (724)         | (1,442)       | (1,426)       | 9.0            | 3.9            | 1.1            |
| Tax Expenses  | (204)         | (205)        | (215)         | (409)         | (462)         | (0.5)          | (5.1)          | (11.5)         |
| Other Operating Income /<br>Expenses  | 431           | 410          | 96            | 841           | 168           | 5.1            | -              | -              |
| <b>Operating Income</b>   | <b>1,680</b>  | <b>1,030</b> | <b>938</b>    | <b>2,710</b>  | <b>1,688</b>  | <b>63.1</b>    | <b>79.1</b>    | <b>60.5</b>    |
| Financial Results   | 1,016         | 1,612        | 1,011         | 2,628         | 2,510         | (37.0)         | 0.5            | 4.7            |
| Equity Results  | 157           | 157          | 211           | 314           | 402           | -              | (25.6)         | (21.9)         |
| <b>Income before Taxes and<br/>Profit Sharing</b>   | <b>2,853</b>  | <b>2,799</b> | <b>2,160</b>  | <b>5,652</b>  | <b>4,600</b>  | <b>1.9</b>     | <b>32.1</b>    | <b>22.9</b>    |
| Taxes and Contributions   | (1,207)       | (1,150)      | (835)         | (2,357)       | (1,841)       | 5.0            | 44.6           | 28.0           |
| Profit Sharing  | (24)          | (26)         | (27)          | (50)          | (50)          | (7.7)          | (11.1)         | -              |
| Non-controlling interests in<br>subsidiaries  | (40)          | (60)         | (28)          | (100)         | (65)          | (33.3)         | 42.9           | 53.8           |
| <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>    |

(1) It includes reinsurance premiums.

Note: For comparison purposes, the effects of non-recurring events are not considered.





## Income Distribution of Grupo

### Bradesco Seguros and Pension Plan

#### Written Premiums, Pension Plan Contributions and Capitalization Bond Income

As compared with the previous quarter, the 2Q18 revenue showed an increase of 3.7%, driven by the “Capitalization”, “Auto/P&C” and “Health” products, which presented an increase of 17.1%, 16.9% and 2.8%, respectively.

In comparison to the 2Q17, the turnover was impacted by the lower performance of “Auto/P&C” and “Life and Pension” segments, which decreased by 7.9%, and 6.8%, being partially offset by the growth of “Capitalization” segments, with a growth of 6.8% and “Health”, which grew 6.4%.

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### Life and pension plans

The net income for the 2Q18 was 12.3% higher than the results for the previous quarter, due to lower claims and commercialization ratios, maintenance of the administrative efficiency ratio and improvement in the billing, offset by the financial results decrease which was impacted by the behavior of the economic-financial indexes in the period.

In relation to the 2Q17, the net income increased by 12.5%, due to the increase of 18.1% in operating income, maintenance of the administrative efficiency ratio and improvement in the financial results.

(1) Life/VGBL/PGBL/Traditional

### Evaluation of Participants and Life and Personal Accident Policyholders

### Health

The net income increase of the 2Q18 compared to the previous quarter and to the 2Q17, mainly reflects the higher billing, the improvement of claims, commercialization and administrative efficiency ratios, as well as the increase in the financial and equity results.

### Number of Bradesco Saúde and Mediservice Policyholders

#### Capitalization Bonds

Net income increase in the quarterly and last 12 months comparison, is due to the improvement of the operating incomes and the maintenance administrative efficiency ratio.

#### Auto and Property & Casualty

The growth of income reflects the improvement of the claims, efficiency and commercialization ratios, mainly in Auto.

Below is the composition of fee and commission income in the respective periods:

| R\$ million                                | 2Q18         | 1Q18         | 2Q17         | 1H18          | 1H17          | Variation %    |                |                | As           |
|--|--------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|--------------|
|  |              |              |              |               |               | 2Q18 x<br>1Q18 | 2Q18 x<br>2Q17 | 1H18 x<br>1H17 | % of<br>1H18 |
| Card Income                                | 2,788        | 2,763        | 2,650        | 5,551         | 5,287         | 0.9            | 5.2            | 5.0            | 34.8         |
| Checking Account                           | 1,765        | 1,748        | 1,651        | 3,513         | 3,252         | 1.0            | 6.9            | 8.0            | 22.0         |
| Asset Management                           | 1,007        | 994          | 898          | 2,001         | 1,810         | 1.3            | 12.1           | 10.6           | 12.5         |
| Loan Operations                            | 801          | 724          | 774          | 1,525         | 1,505         | 10.6           | 3.5            | 1.3            | 9.6          |
| Collections and Payments                   | 618          | 612          | 576          | 1,230         | 1,162         | 1.0            | 7.3            | 5.9            | 7.7          |
| Consortium Management                      | 412          | 383          | 378          | 795           | 747           | 7.6            | 9.0            | 6.4            | 5.0          |
| Custody and Brokerage Services             | 256          | 234          | 213          | 490           | 424           | 9.4            | 20.2           | 15.6           | 3.1          |
| Underwriting / Financial Advisory Services | 256          | 153          | 154          | 409           | 334           | 67.3           | 66.2           | 22.5           | 2.6          |
| Other                                      | 216          | 220          | 202          | 436           | 405           | (1.8)          | 6.9            | 7.7            | 2.7          |
| <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>     | <b>100.0</b> |
| <b>Business Days</b>                       | <b>63</b>    | <b>61</b>    | <b>61</b>    | <b>124</b>    | <b>124</b>    | <b>2</b>       | <b>2</b>       | <b>-</b>       | <b>-</b>     |

## Highlights

The above table shows the good performance of our fee and commission income, which showed a positive performance in practically all the lines. Analyzing the current quarter compared to the 1Q18 and the 2Q17, we emphasize that the revenue growth derives from the largest volume of operations, driven by a greater supply of products and services, widely available in digital and traditional channels and the higher number of business days. The results also show signs of constant improvements in the management of the products and services portfolio, as well as with benefits of the process of segmentation of clients and the gains of synergies obtained with the acquisition of HSBC Brasil.

Below are some highlights that influence the results from of fee and commission income in the periods:

- **Cards** – reflection of the increase in the number of transactions and the larger volume transacted.
- **Checking Account** – it reflects the improvement in the management of the portfolio of services provided, highlighting the continuous improvement process, which aims to improve and expand the variety of products offered to clients according to their segmentation.
- **Asset Management** – good performance resulting from the increase in the volume of the funds and portfolios managed, highlighting the fixed income and multimarket funds.
- **Loan Operations** – higher commission income over guarantees provided (guarantees and sureties) and increased credit origination.
- **Cash Management** – a reflection of the greater volume of processed documents.
- **Consortium Management** – good performance due to the increase in the sales made, receipt from bids and average price, ensuring the leadership of Bradesco Consórcios in the segments in which it operates (real estate, auto and trucks/machinery and equipment).
- **Custody and Brokerage Services** – resulting from the higher volumes of securities traded at B3.
- **Underwriting / Financial Advisory Services** – good performance in the quarter and in 12 months as a result of the increased activity of the capital market, mainly in structured operations and of variable/fixed income.



## Personnel and Administrative Expenses

|  |        |        |        |        |        | Variation %       |                |                | As %       |
|--|--------|--------|--------|--------|--------|-------------------|----------------|----------------|------------|
| R\$ million                            | 2Q18   | 1Q18   | 2Q17   | 1H18   | 1H17   | 2Q18<br>x<br>1Q18 | 2Q18 x<br>2Q17 | 1H18 x<br>1H17 | of<br>1H18 |
| Personnel Expenses                     |        |        |        |        |        |                   |                |                |            |
| Structural                             | 3,905  | 3,879  | 4,070  | 7,784  | 8,016  | 0.7               | (4.1)          | (2.9)          | 39.8       |
| Payroll/Social Charges                 | 2,831  | 2,757  | 2,934  | 5,588  | 5,754  | 2.7               | (3.5)          | (2.9)          | 28.6       |
| Benefits                               | 1,074  | 1,122  | 1,136  | 2,196  | 2,262  | (4.3)             | (5.5)          | (2.9)          | 11.2       |
| Non-Structural                         | 1,022  | 950    | 897    | 1,972  | 1,773  | 7.6               | 13.9           | 11.2           | 10.1       |
| Management and Employee Profit Sharing | 511    | 466    | 485    | 977    | 991    | 9.7               | 5.4            | (1.4)          | 5.0        |
| Provision for Labor Claims             | 397    | 407    | 211    | 804    | 378    | (2.5)             | 88.2           | -              | 4.1        |
| Training                               | 41     | 21     | 45     | 62     | 76     | 95.2              | (8.9)          | (18.4)         | 0.3        |
| Termination Costs                      | 73     | 56     | 156    | 129    | 328    | 30.4              | (53.2)         | (60.7)         | 0.7        |
| Total                                  | 4,927  | 4,829  | 4,967  | 9,756  | 9,789  | 2.0               | (0.8)          | (0.3)          | 49.9       |
| Administrative Expenses                |        |        |        |        |        |                   |                |                |            |
| Outsourced Services                    | 1,165  | 1,109  | 1,147  | 2,274  | 2,310  | 5.0               | 1.6            | (1.6)          | 11.6       |
| Depreciation and Amortization          | 722    | 713    | 687    | 1,435  | 1,368  | 1.3               | 5.1            | 4.9            | 7.3        |
| Data Processing                        | 657    | 604    | 612    | 1,261  | 1,207  | 8.8               | 7.4            | 4.5            | 6.4        |
| Communication                          | 432    | 436    | 445    | 868    | 929    | (0.9)             | (2.9)          | (6.6)          | 4.4        |
| Asset Maintenance                      | 307    | 290    | 312    | 597    | 606    | 5.9               | (1.6)          | (1.5)          | 3.1        |
| Rent                                   | 299    | 304    | 308    | 603    | 614    | (1.6)             | (2.9)          | (1.8)          | 3.1        |
| Advertising and Marketing              | 296    | 256    | 217    | 552    | 387    | 15.6              | 36.4           | 42.6           | 2.8        |
| Financial System Services              | 223    | 240    | 257    | 463    | 515    | (7.1)             | (13.2)         | (10.1)         | 2.4        |
| Security and Surveillance              | 190    | 195    | 208    | 385    | 419    | (2.6)             | (8.7)          | (8.1)          | 2.0        |
| Transportation                         | 189    | 189    | 200    | 378    | 389    | -                 | (5.5)          | (2.8)          | 1.9        |
| Utilities (Water, Electricity and Gas) | 101    | 106    | 102    | 207    | 216    | (4.7)             | (1.0)          | (4.2)          | 1.1        |
| Travel                                 | 75     | 54     | 70     | 129    | 121    | 38.9              | 7.1            | 6.6            | 0.7        |
| Materials                              | 64     | 59     | 69     | 123    | 146    | 8.5               | (7.2)          | (15.8)         | 0.6        |
| Other                                  | 273    | 255    | 264    | 528    | 525    | 7.1               | 3.4            | 0.6            | 2.7        |
| Total                                  | 4,993  | 4,810  | 4,898  | 9,803  | 9,752  | 3.8               | 1.9            | 0.5            | 50.1       |
| Total Operating Expenses               | 9,920  | 9,639  | 9,865  | 19,559 | 19,541 | 2.9               | 0.6            | 0.1            | 100.0      |
| Customer Service Points                | 74,814 | 74,126 | 72,750 | 74,814 | 72,750 | 0.9               | 2.8            | 2.8            | -          |



**Personnel expenses** – The increase in the quarter is related to the growth of the "non-structural" part, due to the higher costs with profit sharing of the employees (PLR) and training. In relation to the "structural" part, the increase in the quarter is due to a lower concentration of holidays in the 2Q18. When compared with the 2Q17, the reduction observed in the "structural" part is related, largely, to the effects of the Special Voluntary Severance Program Scheme - PDVE, which started in August 2017, and to the gains of synergies obtained with the acquisition of HSBC Brasil. In the "non-structural" part, the variation of expenses with the provision for labor claims is mainly related to the higher volume of lawsuits.

**Administrative Expenses** – the increase of administrative expenses in the quarter and in the last 12 months reflects the higher volume of business and services in the periods and higher expenses with advertising and marketing. In relation to the 2Q17, it is possible to observe the adjustments made in several lines, such as financial system services, transportation, security and surveillance, communication, rent and materials, showing the gains in synergy resulting from the acquisition of HSBC Brasil and the strategy of optimization of the points of service.

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### **Operating Coverage Ratio <sup>(1)</sup>**

The coverage ratio presented an improvement for the fourth consecutive quarter, capturing the PDVE benefits, the revenue gained from the synergy of the acquisition of HSBC Brasil and the strategy of optimization of the points of service. We also highlight the higher revenue from fee and commission income, which have been capturing the positive results of the process of segmentation of clients and the efficiency obtained in the management and offer of products and services.

### **Other Operating Expenses, Net of Income**

Other operating expenses, net income presented a growth of 4.3% in the quarter and 18.5% when compared to 2Q17, due to higher expenses in the segment of credit cards and constitution of operating provisions.

### **Basel Ratio**

The reduction of capital tier I index is related to the mark-to-market of the securities available for sale, increase of prudential adjustments, mainly, from the tax credits originating from tax losses, and increase of the assets weighted by risk. The good internal generation capital (net income), continues with high contribution to the indicator.

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| R\$ million  | 2Q18      | 1Q18      | 4Q17      | 3Q17      | 2Q17      | 1Q17      | 4Q16      | 3Q16      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Income Statement for the Period</b>                     |           |           |           |           |           |           |           |           |
| Recurring Net Income <sup>(1)</sup>                        | 5,161     | 5,102     | 4,862     | 4,810     | 4,704     | 4,648     | 4,385     | 4,460     |
| Total Net Interest Income                                  | 15,084    | 15,686    | 15,813    | 15,361    | 15,892    | 16,036    | 16,440    | 16,930    |
| Gross Credit Intermediation Margin                         | 12,127    | 11,690    | 12,129    | 12,119    | 12,517    | 12,781    | 13,586    | 13,800    |
| Net Credit Intermediation Margin                           | 8,690     | 7,798     | 6,724     | 7,540     | 7,139     | 7,499     | 7,290     | 8,060     |
| Expanded ALL   | (3,437)   | (3,892)   | (5,405)   | (4,579)   | (5,378)   | (5,282)   | (6,296)   | (5,742)   |
| Fee and Commission Income                                  | 8,119     | 7,831     | 8,062     | 7,822     | 7,496     | 7,430     | 7,545     | 7,450     |
| Administrative and Personnel Expenses                      | (9,920)   | (9,639)   | (10,218)  | (9,863)   | (9,865)   | (9,676)   | (10,482)  | (10,267)  |
| Insurance Written Premiums, Pension Plan Contributions and | 18,223    | 17,570    | 21,192    | 18,637    | 18,512    | 17,948    | 21,247    | 17,730    |
| Capitalization Bond Income                                 |           |           |           |           |           |           |           |           |
| <b>Statement of Financial Position</b>                     |           |           |           |           |           |           |           |           |
| Total Assets <sup>(2)</sup>                                | 1,306,209 | 1,303,842 | 1,298,328 | 1,311,672 | 1,291,184 | 1,294,139 | 1,293,559 | 1,270,130 |
| Securities   | 598,128   | 585,837   | 584,650   | 572,099   | 540,106   | 549,700   | 549,873   | 509,180   |
| Expanded Loans Portfolio                                   | 515,635   | 486,645   | 492,931   | 486,864   | 493,566   | 502,714   | 514,990   | 521,770   |
| - Individuals  | 182,817   | 177,814   | 175,469   | 172,207   | 172,045   | 171,820   | 172,045   | 171,060   |
| - Companies  | 332,818   | 308,831   | 317,462   | 314,657   | 321,521   | 330,894   | 342,945   | 350,700   |
| Allowance for Loan Losses (ALL)                            | (35,240)  | (35,763)  | (36,527)  | (36,557)  | (37,536)  | (39,181)  | (40,714)  | (40,416)  |
| Total Deposits   | 299,604   | 271,391   | 265,278   | 259,577   | 260,120   | 235,432   | 234,214   | 239,930   |
| Technical Provisions                                       | 252,072   | 251,231   | 246,653   | 239,287   | 233,640   | 229,433   | 223,342   | 213,600   |
| Shareholders' Equity                                       | 113,039   | 113,776   | 110,457   | 110,301   | 106,807   | 104,558   | 100,442   | 98,550    |
| Assets under Management                                    | 2,014,113 | 2,003,948 | 1,987,487 | 1,991,708 | 1,917,827 | 1,943,687 | 1,904,912 | 1,865,750 |
| <b>Performance Indicators (%)</b>                          |           |           |           |           |           |           |           |           |

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|  |         |         |         |         |         |         |         |        |
|--|---------|---------|---------|---------|---------|---------|---------|--------|
| Recurring Net Income per Share - R\$ <sup>(3)</sup> <sup>(4)</sup>   | 2.98    | 2.91    | 2.84    | 2.77    | 2.72    | 2.64    | 2.56    | 2.5    |
| Book Value per Common and Preferred Share - R\$ <sup>(4)</sup>   | 16.89   | 17.00   | 16.50   | 16.48   | 15.96   | 15.62   | 15.01   | 14.7   |
| Annualized Return on Average Equity <sup>(5)</sup> <sup>(6)</sup>  | 18.5    | 18.6    | 18.1    | 18.1    | 18.2    | 18.3    | 17.6    | 17.    |
| Annualized Return on Average Assets <sup>(6)</sup>   | 1.6     | 1.6     | 1.5     | 1.5     | 1.4     | 1.4     | 1.5     | 1.     |
| 12-month Net Interest Margin - NIM = Adjusted Net Interest Income /Average Assets – Repos – Permanent Assets | 6.4     | 6.6     | 6.7     | 6.9     | 7.2     | 7.4     | 7.6     | 7.     |
| Fixed Asset Ratio <sup>(7)</sup>   | 44.9    | 43.1    | 43.4    | 38.9    | 39.6    | 42.3    | 44.8    | 44.    |
| Combined Ratio - Insurance <sup>(8)</sup>  | 84.8    | 85.3    | 86.1    | 86.2    | 86.6    | 85.2    | 85.9    | 90.    |
| Efficiency Ratio (ER) <sup>(3)</sup> <sup>(11)</sup>   | 41.0    | 40.9    | 40.8    | 40.7    | 40.6    | 40.0    | 38.9    | 38.    |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(3)</sup>              | 80.3    | 78.8    | 77.8    | 75.9    | 74.3    | 75.3    | 76.2    | 78.    |
| Market Capitalization - R\$ million <sup>(9)</sup>   | 171,604 | 237,219 | 200,521 | 208,250 | 169,618 | 178,208 | 160,813 | 160,47 |
| <b>Loan Portfolio Quality (Bacen) - %</b>  |         |         |         |         |         |         |         |        |
| ALL / Loan Portfolio   | 9.0     | 9.6     | 9.9     | 9.9     | 10.0    | 10.3    | 10.4    | 10.    |
| Non-performing Loans (> 60 days <sup>(10)</sup> / Loan Portfolio)  | 4.8     | 5.4     | 5.6     | 5.7     | 6.0     | 6.7     | 6.5     | 6.     |
| Delinquency Ratio (> 90 days <sup>(10)</sup> / Loan Portfolio)   | 3.9     | 4.4     | 4.7     | 4.8     | 4.9     | 5.6     | 5.5     | 5.     |
| Coverage Ratio (> 90 days <sup>(10)</sup> )  | 230.0   | 219.3   | 211.4   | 207.7   | 202.5   | 182.1   | 188.4   | 189.   |
| Coverage Ratio (> 60 days <sup>(10)</sup> )  | 189.4   | 179.7   | 175.0   | 174.6   | 167.0   | 154.0   | 158.8   | 158.   |
| <b>Operating Limits %</b>  |         |         |         |         |         |         |         |        |
| Basel Ratio - Total <sup>(7)</sup>   | 14.9    | 15.9    | 17.1    | 17.7    | 16.7    | 15.3    | 15.4    | 15.    |
| Tier I Capital   | 11.4    | 12.4    | 13.1    | 13.4    | 12.5    | 12.0    | 12.0    | 11.    |
| - Common Equity  | 10.6    | 11.6    | 12.3    | 12.5    | 11.6    | 11.2    | 11.2    | 11.    |

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|                      |     |     |     |     |     |     |     |    |
|----------------------|-----|-----|-----|-----|-----|-----|-----|----|
| - Additional Capital | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.8 | 0.8 | 0. |
| Tier II Capital      | 3.5 | 3.5 | 4.0 | 4.3 | 4.2 | 3.3 | 3.4 | 3. |

(1) According to the non-recurring events described on page 5 of this Economic and Financial Analysis Report;

(2) For more information, please check note 4 – Balance Sheet and Managerial Statement of Income, in “Complete Financial Statements” of this report;

(3) In the last 12 months;

(4) For comparison purposes, shares were adjusted in accordance with bonuses and stock splits of the period;

(5) Excluding mark-to-market effect of Available-for-Sale Securities recorded under Shareholders’ Equity;

(6) Year-to-Date Recurring Net Income;

(7) Index calculation has followed regulatory guidelines set forth in Resolutions No. 4,192/13 (Prudential Conglomerate) and No. 4,193/13 (Basel III);

(8) Excludes additional reserves;

(9) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period’s last trading day;

(10) Overdue loans; and

(11)  $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Net Interest Income} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$ .

Analytical Breakdown of Statement of Income – Managerial <sup>(1)</sup> vs. Recurring <sup>(3)</sup>

| 2Q18 x 1Q18   |  | Second Quarter of 2018                  |               |               |  | First Quarter of 2018                   |  |
|---|--|---|---------------|---------------|--|---|--|
| R\$ million   | Managerial Income Statement <sup>(1)</sup> | Reclassifications <sup>(2)</sup> Events | Non-Recurring | DRE           | Managerial Income Statement <sup>(1)</sup> | Reclassifications <sup>(2)</sup> Events | Fiscal Income Statement <sup>(3)</sup> |
| <b>Net Interest Income</b>  | <b>9,569</b>                               | <b>5,515</b>                            | <b>-</b>      | <b>15,084</b> | <b>17,283</b>                              |   |  |
| Expanded ALL  | (4,369)                                    | 932                                     | -             | (3,437)       | (4,599)                                    |   |  |
| <b>Gross Income from Financial Intermediation</b>                                     | <b>5,200</b>                               | <b>6,447</b>                            | <b>-</b>      | <b>11,647</b> | <b>12,684</b>                              |   |  |
| Income from Insurance, Pension Plans and Capitalization Bonds                         | 2,205                                      | -                                       | -             | 2,205         | 1,515                                      |   |  |
| Fee and Commission Income   | 8,071                                      | 48                                      | -             | 8,119         | 7,835                                      |   |  |
| Personnel Expenses  | (4,927)                                    | -                                       | -             | (4,927)       | (4,829)                                    |   |  |
| Other Administrative Expenses   | (4,993)                                    | -                                       | -             | (4,993)       | (4,810)                                    |   |  |
| Tax Expenses  | (1,046)                                    | (785)                                   | -             | (1,831)       | (1,671)                                    |   |  |
| Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries | 48   | -                                       | -             | 48            | 27   |   |  |
| Other Operating Income / Expenses   | (3,126)                                    | 351                                     | 651           | (2,124)       | (2,789)                                    |   |  |
| <b>Operating Income</b>   | <b>1,432</b>                               | <b>6,061</b>                            | <b>651</b>    | <b>8,144</b>  | <b>7,962</b>                               |   |  |
| Non-Operating Income  | (121)                                      | 104                                     | -             | (17)          | (214)                                      |   |  |

|   |              |          |            |              |              |
|---|--------------|----------|------------|--------------|--------------|
| Income Tax /<br>Social<br>Contribution and<br>Non-controlling<br>Interest | 3,217        | (6,165)  | (18)       | (2,966)      | (3,281)      |
| <b>Net Income</b>   | <b>4,528</b> | <b>-</b> | <b>633</b> | <b>5,161</b> | <b>4,467</b> |

(1) For more information, please check note 4 – Balance Sheet and Managerial Statement of Income, in the “Complete Financial Statements” chapter of this report;

(2) It includes reclassifications in items from the statement of income which do not affect the Net Income, but allow a better analysis of business items, hedge adjustment, which represents the partial result of derivatives used for hedge investments abroad, which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$6,971 million in 2Q18 and R\$206 million in 1Q18; and

(3) It refers to Managerial Statement of Income<sup>(1)</sup> with the reclassifications between lines, which do not affect the Net Income, and without non-recurring events of the period.

Analytical Breakdown of Statement of Income – Managerial <sup>(1)</sup> vs. Recurring <sup>(3)</sup>

1H18 x 1H17

| R\$ million   | Fisrt Semester of 2018 |                                  |               |               | Fisrt Semester of 2017 |                                  |               |               |
|---|------------------------|----------------------------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
|   | Managerial Income      | Reclassifications <sup>(2)</sup> | Non-Recurring | DRE           | Managerial Income      | Reclassifications <sup>(2)</sup> | Non-Recurring | DRE           |
|   | Statement              |                                  |               |               | Statement              |                                  |               |               |
|   | <sup>(1)</sup> Events  |                                  |               |               | <sup>(1)</sup> Events  |                                  |               |               |
| <b>Net Interest Income</b>  | <b>26,852</b>          | <b>3,918</b>                     | <b>-</b>      | <b>30,770</b> | <b>34,216</b>          | <b>(2,288)</b>                   | <b>-</b>      | <b>31,928</b> |
| Expanded ALL  | (8,968)                | 1,639                            | -             | (7,329)       | (14,842)               | 4,182                            | -             | (10,660)      |
| <b>Gross Income from Financial Intermediation</b>                                     | <b>17,884</b>          | <b>5,557</b>                     | <b>-</b>      | <b>23,441</b> | <b>19,374</b>          | <b>1,894</b>                     | <b>-</b>      | <b>21,268</b> |
| Income from Insurance, Pension Plans and Capitalization Bonds                         | 3,720                  | -                                | -             | 3,720         | 3,408                  | -                                | -             | 3,408         |
| Fee and Commission Income   | 15,906                 | 44                               | -             | 15,950        | 14,944                 | (18)                             | -             | 14,926        |
| Personnel Expenses  | (9,756)                | -                                | -             | (9,756)       | (9,789)                | -                                | -             | (9,789)       |
| Other Administrative Expenses   | (9,803)                | -                                | -             | (9,803)       | (9,746)                | (6)                              | -             | (9,752)       |
| Tax Expenses  | (2,717)                | (935)                            | -             | (3,652)       | (3,156)                | (334)                            | -             | (3,490)       |
| Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries | 75                     | -                                | -             | 75            | 120                    | -                                | -             | 120           |
| Other Operating Income / Expenses   | (5,915)                | 446                              | 1,308         | (4,161)       | (3,667)                | (1,171)                          | -             | (4,838)       |
|   | <b>9,394</b>           | <b>5,112</b>                     | <b>1,308</b>  | <b>15,814</b> | <b>11,488</b>          | <b>365</b>                       | <b>1,308</b>  | <b>13,161</b> |



|   |              |          |              |               |              |          |
|---|--------------|----------|--------------|---------------|--------------|----------|
| <b>Operating Income</b>                                       |              |          |              |               |              |          |
| Non-Operating Income  | (335)        | 309      | -            | (26)          | (293)        | 207      |
| Income Tax / Social Contribution and Non-controlling Interest | (64)         | (5,421)  | (40)         | (5,525)       | (3,213)      | (572)    |
| <b>Net Income</b>   | <b>8,995</b> | <b>-</b> | <b>1,268</b> | <b>10,263</b> | <b>7,982</b> | <b>-</b> |

(1) For more information, please check note 4 – Balance Sheet and Managerial Statement of Income, in the “Complete Financial Statements” chapter of this report;

(2) It includes reclassifications in items from the statement of income which do not affect the Net Income, but allow a better analysis of business items, particularly hedge adjustment, which represents the partial result of derivatives used for hedge investments abroad, which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$7,177 million in 1H18 and R\$634 million in 1H17; and

(3) It refers to Managerial Statement of Income<sup>(1)</sup> with the reclassifications between lines, which do not affect the Net Income, and without non-recurring events of the period.

| R\$ million  | June18           | Mar18            | June17           | Variation %       |                    |
|--|------------------|------------------|------------------|-------------------|--------------------|
|  |                  |                  |                  | June18 x<br>Mar18 | June18 x<br>June17 |
| <b>Assets</b>  |                  |                  |                  |                   |                    |
| <b>Current and Long-Term Assets</b>  | <b>1,277,879</b> | <b>1,274,394</b> | <b>1,261,999</b> | <b>0.3</b>        | <b>1.3</b>         |
| Funds available  | 15,425           | 18,098           | 13,525           | (14.8)            | 14.0               |
| Interbank Investments  | 108,615          | 140,584          | 177,460          | (22.7)            | (38.8)             |
| Securities and Derivative Financial Instruments                            | 598,128          | 585,837          | 540,106          | 2.1               | 10.7               |
| Interbank and Interdepartmental Accounts                                   | 72,886           | 72,287           | 69,747           | 0.8               | 4.5                |
| Loan and Leasing Operations  | 340,717          | 325,764          | 334,246          | 4.6               | 1.9                |
| Allow ance for Loan Losses (ALL)   | (35,240)         | (35,763)         | (37,536)         | (1.5)             | (6.1)              |
| Other Receivables and Assets   | 177,348          | 167,587          | 164,451          | 5.8               | 7.8                |
| <b>Permanent Assets</b>  | <b>28,330</b>    | <b>29,448</b>    | <b>29,185</b>    | <b>(3.8)</b>      | <b>(2.9)</b>       |
| Investments  | 2,122            | 2,134            | 1,779            | (0.6)             | 19.3               |
| Premises and Equipment and Leased Assets                                   | 7,788            | 7,994            | 7,573            | (2.6)             | 2.8                |
| Intangible Assets  | 18,420           | 19,320           | 19,833           | (4.7)             | (7.1)              |
| <b>Total</b>   | <b>1,306,209</b> | <b>1,303,842</b> | <b>1,291,184</b> | <b>0.2</b>        | <b>1.2</b>         |
| <b>Liabilities</b>   |                  |                  |                  |                   |                    |
| <b>Current and Long-Term Liabilities</b>                                   | <b>1,191,081</b> | <b>1,187,998</b> | <b>1,182,377</b> | <b>0.3</b>        | <b>0.7</b>         |
| Deposits   | 299,604          | 271,391          | 260,120          | 10.4              | 15.2               |
| Securities sold under agreements to repurchase                             | 263,310          | 295,930          | 316,026          | (11.0)            | (16.7)             |
| Funds from Issuance of Securities  | 153,303          | 142,590          | 131,510          | 7.5               | 16.6               |
| Interbank and Interdepartmental Accounts                                   | 23,194           | 26,593           | 22,439           | (12.8)            | 3.4                |
| Borrow ings and Onlendings   | 53,160           | 50,052           | 56,547           | 6.2               | (6.0)              |
| Derivative Financial Instruments   | 15,815           | 17,064           | 12,792           | (7.3)             | 23.6               |
| Technical provisions for insurance, pension plans and capitalization bonds | 252,072          | 251,231          | 233,640          | 0.3               | 7.9                |

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|   |                  |                  |                  |              |              |
|---|------------------|------------------|------------------|--------------|--------------|
| Other liabilities                               | 130,623          | 133,147          | 149,303          | (1.9)        | (12.5)       |
| <b>Deferred Income</b>                          | <b>388</b>       | <b>370</b>       | <b>429</b>       | <b>4.9</b>   | <b>(9.6)</b> |
| <b>Non-controlling Interest in Subsidiaries</b> | <b>1,701</b>     | <b>1,698</b>     | <b>1,571</b>     | <b>0.2</b>   | <b>8.3</b>   |
| <b>Shareholders' Equity</b>                     | <b>113,039</b>   | <b>113,776</b>   | <b>106,807</b>   | <b>(0.6)</b> | <b>5.8</b>   |
| <b>Total</b>                                    | <b>1,306,209</b> | <b>1,303,842</b> | <b>1,291,184</b> | <b>0.2</b>   | <b>1.2</b>   |

(1) For more information, please check note 4 – Balance Sheet and Managerial Statement of Income, in the “Complete Financial Statements” chapter of this report.

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## Service Channels

|   | June18 | Mar18  | June17  | Variation %       |                    |
|---|--------|--------|---------|-------------------|--------------------|
|   |        |        |         | June18 x<br>Mar18 | June18 x<br>June17 |
| <b>Structural Information - Units</b>                       |        |        |         |                   |                    |
| Customer Service Points                                     | 74,814 | 74,126 | 72,750  | 0.9               | 2.8                |
| - Branches  | 4,700  | 4,708  | 5,068   | (0.2)             | (7.3)              |
| - PAs   | 3,903  | 3,908  | 3,921   | (0.1)             | (0.5)              |
| - PAEs  | 929    | 936    | 994     | (0.7)             | (6.5)              |
| - Offsite ATM Network -<br>Bradesco                         | 54     | 58     | 68      | (6.9)             | (20.6)             |
| - Banco24Horas Network                                      | 11,694 | 11,160 | 10,807  | 4.8               | 8.2                |
| - Bradesco Expresso<br>(Correspondent Banks)                | 38,717 | 38,856 | 38,596  | (0.4)             | 0.3                |
| - Bradesco Financiamentos                                   | 14,741 | 14,424 | 13,220  | 2.2               | 11.5               |
| - Losango   | 63     | 63     | 63      | -                 | -                  |
| - Branches / Subsidiaries Abroad /<br>Representation office | 13     | 13     | 13      | -                 | -                  |
| ATMs  | 57,697 | 57,168 | 57,023  | 0.9               | 1.2                |
| - Onsite Network - Bradesco                                 | 35,531 | 35,662 | 36,148  | (0.4)             | (1.7)              |
| - Banco24Horas Network                                      | 22,166 | 21,506 | 20,875  | 3.1               | 6.2                |
| Employees   | 97,683 | 97,593 | 105,143 | 0.1               | (7.1)              |
| Outsourced Employees and Interns                            | 15,016 | 14,888 | 15,569  | 0.9               | (3.6)              |
| <b>Customers - In millions</b>                              |        |        |         |                   |                    |
| Total Customers <sup>(1)</sup>                              | 71.2   | 70.9   | 69.1    | 0.4               | 3.0                |
| Account Holders <sup>(2)</sup>                              | 28.0   | 27.9   | 27.9    | 0.4               | 0.4                |
| Savings Accounts  | 57.9   | 57.6   | 58.7    | 0.5               | (1.4)              |
| Insurance Group   | 52.2   | 53.0   | 50.8    | (1.5)             | 2.8                |
| - Policyholders   | 46.3   | 47.3   | 45.1    | (2.1)             | 2.7                |
| - Pension Plan Participants                                 | 3.1    | 2.8    | 2.7     | 10.7              | 14.8               |
| - Capitalization Bond Customers                             | 2.8    | 2.9    | 3.0     | (3.4)             | (6.7)              |
| Bradesco Financiamentos                                     | 1.3    | 1.3    | 1.3     | -                 | -                  |

(1) Excludes overlap of clients; and

(2) From the 1Q18 we started considering the salary account. For the effect of comparability the previous periods, presented in this report, have been reclassified.

## Market Share of the Branches

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| Region       | June18       |               |              | June17       |               |              |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
|              | Bradesco     | Market        | Market Share | Bradesco     | Market        | Market Share |
| North        | 263          | 1,096         | 24.0%        | 281          | 1,115         | 25.2%        |
| Northeast    | 857          | 3,384         | 25.3%        | 858          | 3,440         | 24.9%        |
| Midw est     | 381          | 1,700         | 22.4%        | 436          | 1,755         | 24.8%        |
| Southeast    | 2,443        | 10,700        | 22.8%        | 2,641        | 11,028        | 23.9%        |
| South        | 756          | 3,843         | 19.7%        | 852          | 3,953         | 21.6%        |
| <b>Total</b> | <b>4,700</b> | <b>20,723</b> | <b>22.7%</b> | <b>5,068</b> | <b>21,291</b> | <b>23.8%</b> |



## Market Share in relation to the Market - %

|  | June18              | Mar18 | June17 |
|--|---------------------|-------|--------|
| <b>Bacen</b>   |                     |       |        |
| <b>Bank</b>  |                     |       |        |
| Demand Deposits  | N/A                 | 11.4  | 11.0   |
| Savings Deposits   | N/A                 | 13.7  | 14.0   |
| Time Deposits  | N/A                 | 11.0  | 11.4   |
| Loans  | 11.2 <sup>(1)</sup> | 11.1  | 11.1   |
| Loans - Private Institutions   | 24.0 <sup>(1)</sup> | 23.9  | 25.2   |
| Loans - Vehicles Individuals (CDC + Leasing)   | 14.0 <sup>(1)</sup> | 13.9  | 13.5   |
| Payroll-Deductible Loans   | 14.4 <sup>(1)</sup> | 14.3  | 13.7   |
| <b>Consortia</b>   |                     |       |        |
| Real Estate  | 28.5 <sup>(2)</sup> | 28.7  | 29.5   |
| Auto   | 32.0 <sup>(2)</sup> | 31.8  | 31.6   |
| Trucks, Tractors and Agricultural Implements   | 16.2 <sup>(2)</sup> | 16.1  | 16.3   |
| <b>Internacional Area</b>  |                     |       |        |
| Export Market  | 25.9                | 25.6  | 21.3   |
| Import Market  | 24.1                | 23.0  | 20.5   |
| <b>Insurance Superintendence (Susep), National Agency for Supplementary Healthcare (ANS) and National Federation of Life and Pension Plans (Fenaprevi)</b> |                     |       |        |
| Insurance Premiums, Pension Plan Contributions and Capitalization Bond Income  | 25.3 <sup>(1)</sup> | 25.2  | 25.9   |
| Insurance Premiums (including Long-Term Life Insurance - VGBL)   | 24.7 <sup>(1)</sup> | 24.6  | 25.1   |
| Life/Personal Accident Insurance Premiums  | 19.6 <sup>(1)</sup> | 19.4  | 20.8   |
| Auto/P&C Insurance Premiums  | 8.1 <sup>(1)</sup>  | 7.6   | 9.3    |
| Auto/Optional Third-Party Liability Insurance Premiums   | 10.9 <sup>(1)</sup> | 10.1  | 12.3   |
| Health Insurance Premiums  | 48.0 <sup>(1)</sup> | 48.6  | 48.4   |
| Income from Pension Plan Contributions (excluding VGBL)  | 31.3 <sup>(1)</sup> | 31.9  | 35.2   |
| Capitalization Bond Income   | 29.4 <sup>(1)</sup> | 28.2  | 30.8   |
| Technical provisions for insurance, pension plans and capitalization bonds   | 26.5 <sup>(1)</sup> | 26.6  | 27.3   |

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|  |                     |      |      |
|--|---------------------|------|------|
| Income from VGBL Premiums  | 26.1 <sup>(1)</sup> | 26.1 | 26.1 |
| Income from Unrestricted Benefits Pension Plans (PGBL) Contributions | 26.9 <sup>(1)</sup> | 27.8 | 31.4 |
| Pension Plan Investment Portfolios (including VGBL)                  | 27.8 <sup>(1)</sup> | 27.9 | 28.8 |
| <b>Anbima</b>  |                     |      |      |
| Investment Funds and Managed Portfolios                              | 20.5                | 20.9 | 21.5 |
| <b>Social Security National Institute (INSS)/Dataprev</b>            |                     |      |      |
| Benefit Payment to Retirees and Pensioners                           | 31.2                | 31.1 | 30.4 |
| <b>Brazilian Association of Leasing Companies (ABEL)</b>             |                     |      |      |
| Lending Operations   | 18.7 <sup>(2)</sup> | 18.7 | 18.3 |

(1) Reference Date: May/18;

(2) Reference Date: Apr/18; and

N/A – Not available.

## Ratings

## Fitch Ratings

| International Scale |         |                  |            |           |            | National Scale |            |
|---------------------|---------|------------------|------------|-----------|------------|----------------|------------|
| Domestic Currency   |         | Foreign Currency |            | Domestic  |            | Domestic       |            |
| Viability           | Support | Long-term        | Short-term | Long-term | Short-term | Long-term      | Short-term |
| bb                  | 4       | BB               | B          | BB        | B          | AAA(bra)       | F1+(bra)   |

## Moody's Investors Service

| Global Scale                   |            |                               |            |                              |            |                          |            | National Scale    |            |
|--------------------------------|------------|-------------------------------|------------|------------------------------|------------|--------------------------|------------|-------------------|------------|
| Domestic Currency Counterparty |            | Foreign Currency Counterparty |            | Deposits - Domestic Currency |            | Foreign Currency Deposit |            | Domestic Currency |            |
| Long-term                      | Short-term | Long-term                     | Short-term | Long-term                    | Short-term | Long-term                | Short-term | Long-term         | Short-term |
| Ba1                            | NP         | Ba1                           | NP         | Ba2                          | NP         | Ba3                      | NP         | Aa1.br            | BR-1       |

## S&amp;P Global

## Austin Rating

| Global Scale - Issuer Credit Rating |            |                   |            | National Scale           |            | National Scale |            |
|-------------------------------------|------------|-------------------|------------|--------------------------|------------|----------------|------------|
| Foreign Currency                    |            | Domestic Currency |            | Issuer Credit Rating     |            | National Scale |            |
| Long-term                           | Short-term | Long-term         | Short-term | Long-term <sup>(1)</sup> | Short-term | Long-term      | Short-term |
| BB-                                 | B          | BB-               | B          | brAAA                    | brA-1+     | brAAA          | brA-1      |

(1) In July 2018, there was an implementation in the ratings on a national scale, resulting in a rating upgrade on a national long-term scale from “brAA-” to “brAAA”.

We control corporate risk management in an integrated and independent manner, preserving and valuing the Board's decisions, developing and implementing methodologies, models and measurement and control tools. We also provide training to employees at every level of the organization, from business areas to the Board of Directors.

Our risk management structure has policies, standards and procedures, ensuring that our Organization maintains control compatible with the nature of its operations and the complexity of its products, services,

It also comprises committees, commissions and departments that support the Board of Executive Officers and the Board of Directors in decision making. The most notable amongst these are the Integrated Risk Management and Capital Allocation Committee and the Risk Committee, whose purpose is to advise the Board of Directors on the performance of its duties in management and the control of risks and capital.

Detailed information regarding risk management process, regulatory capital as well as our risk exposures, can be found in

activities, processes and systems, as well as the extent of its exposure to risk.

the Risk Management Report – Pillar 3, available on the Investor Relations website at [bradescoir.com.br](http://bradescoir.com.br).

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We have a department responsible for capital management centralization, named Capital Management, subordinated to the Department of Planning, Budget and Control, which acts jointly with the Integrated Risk Control Department, associated companies, business areas and supporting areas.

Additionally, this Governance comprises Executive Committees and Non-Statutory Committees who assist the Board of Directors and Board of Executive Officers in the decision-making process.

The Capital Management structure, through adequate capital sufficiency planning, aims to provide conditions for capital monitoring and control, contributing to the achievement of goals set in the strategic objectives that we have defined.

With the implementation of the Capital Management structure, an internal assessment system was established for capital adequacy (ICAAP), containing the capital plan, which is used to assess capital sufficiency, considering the base and stress scenarios in a prospective vision to identify actions of capital and liquidity to be adopted for the respective scenarios.

The process of developing this plan considers threats and opportunities, market share and development goals, capital requirement projections based on risks, as well as capital held by our Organization. These projections are established for a minimal period of three years and are constantly monitored and controlled by the Capital Management area.

For more severe situations of stress that can impact the financial system or the feasibility of the institution, a recovery plan was developed in compliance with Resolution No. 4,502/16 containing actions of capital and liquidity.

Information on capital adequacy and sufficiency and the instruments mentioned represent fundamental tools in the management and support of the decision-making process.

Additional information on the capital management structure is available in the Risk Management Report – Pillar 3, and in the Integrated Report and Recovery Plan (4,502/16), available on the Investor Relations website at [bradescori.com.br](http://bradescori.com.br).

According to CNSP Resolution No. 321/15, amended by Resolution No. 360/17, corporations should have an adjusted

The capital adjustment and management process is continuously monitored and aims to ensure that Grupo Bradesco Seguros

shareholders' equity (ASE) equal to or higher than the minimum capital required (MCR). MCR is equivalent to the base capital or the risk capital, whichever is higher. According to CNSP Resolution No. 343/16, the ASE is valued economically, and should be calculated based on shareholders' equity or net assets, considering the accounting adjustments and adjustments associated with changes in economic values. For companies regulated by the ANS, Normative Resolution No. 373/15 establishes that corporations should have adjusted shareholders' equity (ASE) equal to or higher than the Solvency Margin.

keeps a solid capital base to support the development of activities and cope with the risks in any market situation, in compliance with regulatory requirements and/or Corporate Governance principles.

Companies must permanently maintain capital compatible with the risks for their activities and operations, according to the characteristics of each company belonging to Grupo Bradesco Seguros, represented by adequate capital levels. Grupo Bradesco Seguros permanently observes the limits required by the respective regulatory entities. The Minimum Capital Required in May 2018 was R\$11.0 billion.

The table below shows the historical composition of the Reference Equity, of the Risk Weighted Assets and of the Basel Ratio.

| R\$ million   | Basel III<br>Prudential Conglomerate |                            |                |                |                |                |                |                |
|---|--------------------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | June18                               | Mar18                      | Dec17          | Sept17         | June17         | Mar17          | Dec16          | Sept16         |
| <b>Calculation Basis</b>  |                                      |                            |                |                |                |                |                |                |
| Regulatory Capital  | 97,785                               | 100,170                    | 104,673        | 106,682        | 103,050        | 92,920         | 101,127        | 100,056        |
| Tier I  | 74,794                               | 78,206                     | 80,085         | 80,889         | 77,322         | 73,123         | 78,763         | 77,655         |
| Common Equity   | 69,589                               | 73,101                     | 75,080         | 75,363         | 71,949         | 67,915         | 73,747         | 72,655         |
| Shareholders' Equity  | 113,039                              | 113,776                    | 110,457        | 110,301        | 106,807        | 104,558        | 100,442        | 98,550         |
| Non-controlling/Other   | 108                                  | 186                        | 69             | 84             | 39             | 34             | 61             | 17             |
| Phase-in arrangements<br>provided for Resolution No<br>4,192/13 | (43,558)                             | (40,861)                   | (35,446)       | (35,022)       | (34,898)       | (36,677)       | (26,756)       | (25,912)       |
| Additional Capital  | 5,205                                | 5,105                      | 5,005          | 5,526          | 5,374          | 5,207          | 5,016          | 5,000          |
| Tier II   | 22,991                               | 21,964                     | 24,588         | 25,793         | 25,728         | 19,797         | 22,364         | 22,401         |
| Subordinated debt (before<br>Resolution No 4,192/13)            | 6,397                                | 5,651                      | 7,641          | 8,354          | 8,730          | 9,650          | 12,560         | 13,693         |
| Subordinated Debt<br>(according to Resolution<br>No. 4,192/13)  | 16,594                               | 16,313                     | 16,947         | 17,438         | 16,998         | 10,147         | 9,804          | 8,708          |
| <b>Risk-Weighted Assets<br/>(RWA)</b>                           | <b>657,922</b>                       | <b>631,159</b>             | <b>611,442</b> | <b>604,581</b> | <b>618,611</b> | <b>607,464</b> | <b>656,189</b> | <b>657,148</b> |
| Credit Risk   | 588,341                              | 567,007                    | 554,929        | 547,411        | 550,859        | 546,210        | 589,977        | 588,914        |
| Operational Risk  | 53,510                               | 53,510                     | 47,605         | 47,605         | 47,222         | 48,157         | 50,444         | 50,444         |
| Market Risk   | 16,071                               | 10,642                     | 8,908          | 9,564          | 20,530         | 13,097         | 15,768         | 17,791         |
| <b>Total Ratio</b>  | <b>14.9%</b>                         | <b>15.9%<sup>(1)</sup></b> | <b>17.1%</b>   | <b>17.7%</b>   | <b>16.7%</b>   | <b>15.3%</b>   | <b>15.4%</b>   | <b>15.3%</b>   |
| Tier I Capital  | 11.4%                                | 12.4%                      | 13.1%          | 13.4%          | 12.5%          | 12.0%          | 12.0%          | 11.9%          |
| Common Equity   | 10.6%                                | 11.6%                      | 12.3%          | 12.5%          | 11.6%          | 11.2%          | 11.2%          | 11.1%          |
| Additional Capital  | 0.8%                                 | 0.8%                       | 0.8%           | 0.9%           | 0.9%           | 0.8%           | 0.8%           | 0.8%           |
| Tier II Capital   | 3.5%                                 | 3.5%                       | 4.0%           | 4.3%           | 4.2%           | 3.3%           | 3.4%           | 3.4%           |
| Subordinated debt (before<br>Resolution No 4,192/13)            | 1.0%                                 | 0.9%                       | 1.2%           | 1.4%           | 1.4%           | 1.6%           | 1.9%           | 2.1%           |
| Subordinated Debt<br>(according to Resolution<br>No. 4,192/13)  | 2.5%                                 | 2.6%                       | 2.8%           | 2.9%           | 2.7%           | 1.7%           | 1.5%           | 1.3%           |

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

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Our Management comprises the Board of Directors, which is composed of eight directors and its Board of Executive Officers, both with their own set of bylaws, with no fulfillment of the posts of Chairman of the Board of Directors and Chief Executive Officer, according to statutory provision.

Eight committees advise the Board of Directors: a) statutory: (i) Audit; and (ii) Remuneration; and b) non-statutory: (iii) Ethical Conduct; (iv) Risks; (v) Internal Controls and Compliance; (vi) Integrated Risk Management and Capital Allocation – COGIRAC; (vii) Sustainability and Diversity; and (viii) Succession and Nomination. Various executive committees assist the activities of the Board of Executive Officers, all regulated by their own set of bylaws.

Senior Management and all employees are committed to compliance with the laws and regulations applicable to their activities, as well as business conduct by observing high standards of conduct and ethics. To ensure these commitments there are policies, standards, processes and systems for the monitoring of conduct, channels and mechanisms for handling complaints, in addition to a specific area for responses throughout the program. These components are supported by Committees linked to the Board of Directors, such as Ethical Conduct, Integrated Risk Management and Capital Allocation, Internal Controls and Compliance and supported by training and capacity building actions developed by Unibrad – Bradesco University for all its professionals, focused on the themes of Conduct, Controls and Compliance.

The Fiscal Council, a permanent supervisory body, comprises five effective members and an equal number of alternate members. The preferred shareholders and non-controlling shareholders, holders of common shares are responsible for choosing two effective members and their respective alternates. Besides the Fiscal Council and the Audit Committee, Bradesco is submitted to Internal Audit which reports to the Board of Directors.

In 2001, we adhered voluntarily to Tier 1 of Corporate Governance of B3 and, in 2011, to the Self-Regulation Code and Best Practices for Publicly-Held Companies – ABRASCA. Further information is available on Bradesco's Investor Relations website ([bradescori.com.br](http://bradescori.com.br) – Corporate Governance Section).

In meeting the best practices of corporate governance, we adopt our own program of integrity which is composed of a set of policies, standards and procedures aimed at the prevention, monitoring, detection and response in relation to harmful acts foreseen in Law No. 12,846/13 and the main international laws, especially in countries where we have units or operations and/or business.

Our commitment to transparency, democratization of information, punctuality and the pursuit of the best practices are essential factors and are constantly reinforced by Bradesco's Investor Relations area.

In the second quarter of 2018 we promoted 58 events with national and international investors, through conferences, meetings, conference calls and institutional presentations, assisting 354 investors. We also held two teleconferences of results to institutional investors.

Another highlight of the quarter was the seventh Bradesco Open Day held in Cidade de Deus – Osasco, counting on the participation of our CEO Mr. Octavio de Lazari Junior and other Executives. The event involved the participation of more than 600 domestic and foreign investors, who attended the meeting in person and over the internet. During this event the strategic themes of the main business areas of our Organization were discussed and the participants had the opportunity to ask questions to the Executives.

We seek to include sustainability in our business with the aim of increasing our capacity to thrive in the long term in a competitive and dynamic business environment. The perception that we are moving towards a transition to a new economy, more aligned with the developmental challenges that we face, leads us to incorporate social and environmental aspects in the management of risks and opportunities, in order to ensure positive results and the generation of shared value.

Our commitment to sustainability is also reinforced in the establishment of dialogs with various stakeholders, through adherence to corporate initiatives and voluntary commitments, such as: Global Compact Initiatives, Goals of Sustainable Development, Equator Principles, Carbon Disclosure Project – CDP (Climate Initiative), Principles for Responsible Investment (PRI), Businesses for the Climate (EPC), CEBDS (Brazilian Business Center for Sustainable Development), among others.

The main decisions and monitoring of the strategy of sustainability are conducted by the Sustainability Committee, coordinated by the Chairman of the Board of Directors and with the participation of the Chief Executive Officer, as well as members of the Board of Directors and of the Board of Executive Officers

The performance of the Organization's sustainability activities is reflected in the external assessments of the main indexes and ratings of Sustainability, such as the Dow Jones Sustainability Index (DJSI) – “World and Emerging Markets”, of the New York Stock Exchange, the Corporate Sustainability Index (ISE), and the Carbon Efficient Index (ICO2), both of B3.

### **Bradesco Integrates the Vigeo Eires Sustainability Index**

For the second time, we were selected to compose the portfolio of the Vigeo Eires Sustainability Index – Emerging Market Performers Ranking. Vigeo is the leading agency in Europe in the ASG analysis and the index is composed of 100 companies, selected among 813 listed in developing countries, which offer the best performances in social, environmental and governance criteria.

Our participation in the index emphasizes the performance of the sustainability practices of our Organization.

### **Fundação Bradesco**

With a broad social and educational program in place for 61 years, Fundação Bradesco operates 40 schools across Brazil. In 2018, an estimated budget of R\$664.717 million benefits approximately 97,385 students in their Schools, in Basic Education (from Kindergarten to Secondary Education and Vocational and Technical Education at Secondary Level), Education for Young People and Adults and in the Initial and Continuing Training focused on employment and income generation. In addition to being guaranteed to be free, quality education, the students enrolled in the Basic Education system, numbering over 42 thousand, also receive uniforms, school supplies, meals, medical and dental assistance. With regard to the distance learning system (EaD), it is estimated that more than 630 thousand students will benefit through the e-learning portal “Escola Virtual” (Virtual School). These students will conclude at least one of the various courses offered in the program and another 11,987 students will

benefit from projects and initiatives carried out in partnership with the *Educa+Ação* Program, and from Technology courses.

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**To**

**Board of Directors and Shareholders of Banco Bradesco S.A.**

**Osasco – SP**

We were engaged by Banco Bradesco S.A. ("Bradesco") to report on the supplementary accounting information of Banco Bradesco S.A. for the semester ended as at June 30, 2018 in the form of reasonable assurance conclusion that based on our work, described within this report, the supplementary accounting information included within the Economic and Financial Analysis Report is presented, in all material respects, based on the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

### **Responsibilities of the Management of Bradesco**

Management of Bradesco is responsible for preparing and adequately presenting the supplementary accounting information included within the Economic and Financial Analysis Report based on the criteria for the preparation of the supplementary accounting information described below, and for other information contained within this report, as well as the design, implementation and maintenance of internal controls that management determines are necessary to allow for such information that is free from material misstatement, whether due to fraud or error.

### **Independent Auditor's Responsibility**

Our responsibility is to examine the supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagement Other than Audit and Review (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain a reasonable assurance about whether the supplementary accounting information included within the Economic and Financial Analysis Report is presented, in all material respects, to the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

The procedures selected were based on our judgment, including the assessment of risks of material misstatement in the supplementary accounting information of Banco Bradesco S.A. whether due to fraud or error, however, this does not include the search and identification of fraud or error.

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In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of supplementary accounting information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Bradesco's internal control over the preparation and presentation of the supplementary accounting information. Our engagement also includes the assessment of the appropriateness of the reasonableness of the supplementary accounting information within the Economic and Financial Analysis Report in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the supplementary accounting information and the reasonableness of estimates made by Bradesco and evaluating the overall presentation of the supplementary accounting information. The reasonable assurance level is less than an audit.

Our conclusion does not contemplate aspects related to any prospective information contained within the Economic and Financial Analysis Report, nor offers any guarantee if the assumptions used by Management provide a reasonable basis for the projections presented. Therefore, our report does not offer any type of assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

### **Criteria for Preparing the Supplementary Accounting Information**

The supplementary accounting information disclosed within the Economic and Financial Analysis Report, for the semester ended June 30, 2018 has been prepared by the Management of Bradesco, based on the information contained in the consolidated financial statements on June 30, 2018 and the accounting information adjusted to the criteria described in Note 4 of such financial statements, in order to facilitate additional analysis, without, however, being part of the consolidated financial statements disclosed on that date.

### **Conclusion**

Our conclusion has been formed on the basis of, and is limited to the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the supplementary accounting information included within the Economic and Financial Analysis Information Report is presented, in all material respects, in accordance with the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

**Osasco, July 25, 2018**

KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

*Original report in Portuguese signed by*

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

## **Management Report**

Dear Shareholders,

We hereby present the Consolidated Financial Statements of Banco Bradesco S.A. related to the first half of 2018, prepared in accordance with the accounting practices used in Brazil and applicable to institutions authorized to operate by the Central Bank of Brazil.

Throughout our history, we have combined tradition and innovation, building an institution that promotes banking inclusion and that is present in all regions of Brazil, with a portfolio of diversified products and services, aimed at all bands of the public. The Bank's performance strategy is based on:

- **Scale and diversification:** broad and diversified customer base with appropriate offers, maximizing the satisfaction of clients and indicators of efficiency;
- **Service Channels:** one of the largest and most complete customer service networks in the market, offering high quality products and services to all audiences, i.e. to individuals and legal entities;
- **People:** as an essential point of our culture and development of the internal career, continuous investments are made in the training and improvement of our employees;
- **Entrepreneurial culture:** sustained by organic growth, strict controls, conducting business

## **2. Income for the Period**

In the first half, Bradesco's Net Income reached R\$8.995 billion, equivalent to R\$1.34 per share and profitability of 16.2% over the average Shareholders' Equity. The annualized return on Average Total Assets was 1.5%.

In terms of Interest on Own Capital, in gross values, we destined R\$1.9 billion to the shareholders, paid on a monthly basis and intermediaries, and R\$1.7 billion provisioned, totalling R\$3.6 billion in the period. The intermediate Interest on Shareholders' Equity paid on July 16, 2018, represents approximately 10 times the value of monthly Interest paid.

The taxes and contributions including pensions, paid or provisioned, reached R\$14.041 billion, of which R\$6.707 billion is related to taxes withheld and collected from third parties and R\$7.334 billion calculated based on the activities developed by the Bradesco Organization, corresponding to 81.5% of the Net Income.

## **3. Capital and Reserves**

On June 30, 2018, the paid-up Share Capital totalled R\$67.100 billion. Added to the Equity Reserves of R\$45.939 billion, it resulted in a Shareholders' Equity of R\$113.039 billion, presenting a growth of 5.8% on the same period of the previous year, corresponding to the equity value of R\$16.89 per share. Calculated on the basis of its shares listing, the Market Value of Bradesco reached R\$171.604 billion, equivalent to 1.5 times the Accounting Shareholders' Equity.



with transparency, ethics and adequate remuneration to our shareholders;

- **Digital:** investments in technology and innovation to meet and exceed the expectations of clients and other target audiences we serve;
- **Risk Management:** a robust process of governance and control of risks; and
- **Sustainability of business:** generation of value to society with appropriate practices in conducting business.

## 1. Economic Commentary

The global economic scenario proved more challenging throughout the first half of the year for emerging countries. The prospect of raising interest rates in the central economies has been exacerbated by actions of trade and geopolitical protectionism, making the global environment more volatile and with less appetite for risk. In this context, the challenges of the Brazilian economy, notably the public accounts and modest growth, transmit this external environment to the prices of domestic assets, affecting the currency and impacting the country risk. Prospectively, the continuity of the fiscal agendas and gains in productivity is fundamental and, once implemented, will contribute to boost the confidence of agents, with positive impacts on consumption, investments and credit.

The Managed Shareholders' Equity is equivalent to 9.2% of the Consolidated Assets, totaling R\$1.239 trillion, an increase of 4.2% compared to the same period in 2017. Therefore, the Basel ratio reached 14.9%, higher than the minimum of 11.0% regulated by Resolution No. 4,193/13 of the National Monetary Council, according to the Basel Committee. At the end of the half, the immobilization index, compared to the Reference Equity, reached 44.9% in the Prudential Consolidation, within the maximum limit of 50.0%, established by the Central Bank of Brazil.

### Securities classified under "Held to Maturity Securities"

Bradesco, as provided for by Article 8 of the Circular Letter No. 3,068/01 of the Central Bank of Brazil, declares that it has the financial capacity and the intention of holding to maturity the securities classified under "held to maturity securities".

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### **4. Funding and Management of Resources**

At the end of the period, the resources funded and managed by the Bradesco Organization amounted to R\$1.949 trillion, 6.3% higher than the previous year, distributed as:

R\$501.806 billion in Demand Deposits, Time Deposits, Interbank Deposits, Savings Accounts and Securities Sold under Agreements for Repurchase;

R\$843.865 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, a 8.7% increase;

R\$309.248 billion in the Exchange Portfolio, Borrowings and Onlendings in Brazil, Working Capital, Tax Payments and Collection and Related Charges, Funds From Issuance of Securities in Brazil, and Subordinated Debt in Brazil, a 6.8% increase.

R\$252.071 billion in Technical Provisions for Insurance, Pension Plans and Capitalization Bonds, up by 7.9%; and

R\$42.308 billion in Foreign Funding, through public and private issues, Subordinated Debt Overseas, Securitization of Future Financial Flows and Borrowings and On-lendings Overseas, equivalent to US\$10.973 billion.

R\$22.414 billion in business in the Rural Area;

R\$13.127 billion in Advance Payments on Exchange Contracts, for a Portfolio in the amount of US\$10.203 billion of Financing for Export; and

US\$1.901 billion of operations in Import Finance in Foreign Currencies.

For the activities of Real Estate Credit, the balance of the Portfolio was R\$61.043 billion, whereby R\$35.618 billion was intended for Individuals and R\$25.425 billion for Legal Entities, and a total of 179,930 units financed.

The consolidated balance of provision for credit losses amounted to R\$35.153 billion, equivalent to 9.0% of the total volume of credit operations, with R\$6.887 billion of surplus provision in relation to the minimum required by the Central Bank of Brazil.

### **6. Bradesco Service Network**

The modern structure of the Service Network of the Bradesco Organization, present in all regions of Brazil and in some strategic locations abroad, at the end of the half, there were 74,814 points of service, distributed as follows:

8,603 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco – 4,694, Banco Bradesco Cartões – 1, Banco Bradesco Financiamentos – 2, Banco Bradesco BBI – 1, Banco Bradesco BERJ –1 and Banco Alvorada – 1; and PAs: 3,903);

## 5. Loan Operations

Considering the expanded concept, the balance of consolidated credit operations totaled R\$515.635 billion in the end of the period, an increase of 4.5% as compared to June 2017, included in this amount:

R\$120.856 billion in Consumption Finance, which includes R\$33.606 billion of credit receivables from Credit Cards, R\$46.593 billion in Consigned Loans, R\$22.167 billion of vehicle CDC/ Leasing and R\$18.490 billion of Personal Loans;

R\$71.765 billion of Sureties and Guarantees;

R\$19.277 billion regarding operations of transfer of internal and external resources, originating mainly from the BNDES - Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Social and Economic Development), standing out as one of the main distributing agents of loans;

3 Branches abroad, one Bradesco branch in New York, one Bradesco branch in Grand Cayman and one subsidiary Banco Bradesco Europa in London;

10 Overseas Subsidiaries and Representation Office (Banco Bradesco Argentina S.A., in Buenos Aires; Banco Bradesco Europa S.A., in Luxembourg; Bradesco North America LLC and Bradesco Securities, Inc., in New York; Bradesco Securities UK Limited, in London; Bradesco Securities Hong Kong Limited and Bradesco Trade Services Limited in Hong Kong; Cidade Capital Markets Ltd. in Grand Cayman, and Bradescard Mexico, Sociedad de Responsabilidad Limitada in Jalisco; and Representative Office, in Miami);

14,741 Service branches of Bradesco Financiamentos, with 929 posts for payroll loans and 13,812 dealer/reseller posts for Vehicle Financing;

38,717 Bradesco Expresso service branches;

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929 In-company electronic service branches;

63 Losango service branches;

54 External Terminals in the Bradesco Network; and

11,694 ATMs in the Banco24Horas Network, with 27 terminals shared by the Networks.

We had simultaneously 35,531 ATMs, strategically distributed nationwide, of which 2 thousand are recycling machines of banknotes, which guarantee immediate deposit in the account, including on weekends, aside from the 22,166 ATMs of the Banco24Horas Network.

We are present in the Digital Channels, such as Internet Banking, Bradesco Celular, *Fone Fácil* (Easy Phone) and Social Networks, seeking convenience, practicality and security for clients and users, which offer various products and services, at any place and time.

Always aware of the needs of the different audiences, we currently have four major Digital Platforms, which serve clients from the “Exclusive” and “Prime” segments invited by the Bank or those who have requested migration to the units because their relationship profiles are primarily digital. We also have the Bradesco Private Bank Digital Branch.

### Next

Thinking of the hyperconnected public, we launched in 2017, the Next, 100% stand-alone digital platform.

## 8. Grupo Bradesco Seguros (Insurance Group)

The Grupo Bradesco Seguros, which presents relevant participation in the results of the Organization, reiterates its prominent position in the market in the areas of Insurance, Capitalization and Open Supplementary Pension Plans, Grupo Bradesco Seguros by recording, on June 30, 2018, Net Income of R\$3.145 billion and Shareholders' Equity of R\$33.249 billion. The net insurance premiums issued, pension contributions and income from capitalization reached a total of R\$35.793 billion, in the first half of 2018.

## 9. Corporate Governance

Corporate governance practices have been present in the management of Banco Bradesco S.A. since 1943, the year of its establishment. From 1946, its shares have been traded on the Brazilian Stock Exchange, having started its operations in the US capital market in 1997, negotiating initially Tier I ADRs backed by preferred shares and, in 2001 and 2012, Tier II ADRs backed, respectively, by preferred and common shares. Since 2001, it also negotiates DRs (Depositary Receipts) on the European market.

We highlight, among the practices adopted, the listing of the Bank at Tier I of Corporate Governance of the B3 – Brasil, Bolsa, Balcão, since 2001, and from 2011, adhering to the Code of Self-regulation and Best Practices of Open Capital Companies of Abrasca. In 1944, the Bank's Rules of Procedure were established, from which the Bradesco Organization Code of Conduct originated in 2003.

The Management of the Bank is formed by the Board of Directors and by the Statutory Board of Executive Officers, whereby the Board of Directors

With the Next, aiming at the best experience of use, the relationship with the client is made based on their behavior, interactively, and transforms money management into smart pathways toward one's goals, ensuring users the freedom to carry out account transactions spontaneously and integrated to their purposes.

## 7. Banco Bradesco BBI

BBI, an Investment Bank of the Organization, advises clients in primary and secondary issuing of shares, merger transactions, purchase and sale of assets, structuring and distributing debt instruments, such as debentures, promissory notes, CRIs, CRAs, real estate funds, FIDCs and bonds, among others, besides structured corporate finance operations and the financing of projects under the modality of Project Finance. In the half, Bradesco BBI conducted transactions with a volume of more than R\$110.820 billion.

is composed of eight members, of which six are external and two are internal, elected by the Annual Shareholders' Meeting, with re-election allowed. The Board of Directors is advised by eight committees: a) statutory: (i) Audit; and (ii) Remuneration; and (b) non-statutory: (iii) Ethical Conduct; (iv) Risks; (v) Internal Controls and Compliance; (vi) Integrated Risk Management and Capital Allocation – COGIRAC; (vii) Sustainability and Diversity; and (viii) Succession and Nomination. Several executive committees assist the activities of the Board of Executive Officers, all being normatized by their own regulations. In the role of Supervisory Body, we have the Fiscal Council, which has been operating continuously since 2015 and is currently composed of five effective members and their respective alternates.

In accordance with Instruction No. 381/03, of the Brazilian Securities and Exchange Commission, the Bradesco Organization did not contract nor have services provided by KPMG Auditores Independentes in the half that were not related to the external audit at a level greater than 5% of the total fees related to external audit services. Other services provided by the external auditors were pre-agreed procedures or assurance for review of financial information, of draws and system revision and diagnosis. The Bank's policy is in line with the principles of preserving the auditors' independence, which is based on generally accepted international criteria, i.e. the auditors should not audit their own work, perform managerial duties for their clients or promote their customers' interests.

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### **9.1 Policies of Transparency and Disclosure of Information**

For Bradesco, transparency, timeliness, democratization of information and the search for best practices are essential factors for conducting business.

We held, in the first half, 92 events with national and international investors, through conferences, meetings, conference calls and institutional presentations, advising 714 investors. We also held four teleconferences about the results with institutional investors.

On the site [banco.bradesco/ri](http://banco.bradesco/ri) we provide information related to the Organization, such as the profile, history, shareholding structure, Reports on Economic and Financial Analysis, Integrated Report, acquisitions, API MEC meetings, in addition to other information on the financial market.

## **10. Integrated Risk Control**

### **10.1 Risk Management**

We consider risk management a strategic activity mainly due to the complexity and variety of banking products and services in all segments of the market, and also by the globalization of the business of the Organization.

Given its wide operation, the Organization is exposed to various types of risks inherent to the financial activity. Among the main ones are the following: Credit, Counterparty Credit, Market, Operational, Subscription, Liquidity, Concentration, Socio-environmental, Strategy, Legal or of Compliance, Reputation, Model and Contagion.

We have a specific structure for evaluation, measurement, control and monitoring of relevant risks and emerging risks, making it possible to anticipate the development and implementation of actions to minimize any adverse impacts to their

### **10.2 Internal Controls**

The effectiveness of the Internal Controls of the Organization is sustained by qualified professionals, well-defined and implemented processes, and technology compatible with the business needs.

The Methodology of Internal Controls is aligned with the document issued by the Committee of Sponsoring Organizations of the Treadway Commission – COSO, 2013 version, called Internal Control – Integrated Framework, with the guidelines established by the Information Systems Audit and Control Association (ISACA) through the Control Objectives for Information and Related Technology (COBIT 5), and with the procedures described by the Public Company Accounting Oversight Board (PCAOB) for the analysis of the Entity Level Controls (ELC).

The existence, implementation and effectiveness of the controls that ensure acceptable levels of risk in the processes of the Organization are certified by the area of Internal Controls, and the results are reported to the Audit, Internal Controls and Compliance Committees, as well as to the Board of Directors, with the purpose of providing security for the proper running of the business and to reach the objectives established in accordance with the external laws and regulations, policies, internal standards and procedures, in addition to codes of conduct and of self-regulation applicable.

### **10.3 Compliance and Integrity Program**

The Senior Management and all the employees are committed to compliance with the laws and regulations applicable to activities, as well as the conduct of business by observing high standards of conduct and ethics. To ensure these commitments there are policies, standards, processes and systems for the monitoring of conduct, channels and mechanisms for handling complaints, in addition to a specific area for responses throughout the program. These components are supported by Committees

positions.

The corporate control of risks is performed by means of consistent processes, in an integrated manner and independently by a solid governance structure reporting to the Risk Committee, Integrated Risk Management and Capital Allocation Committee and to the Board of Directors, preserving and valuing the environment of collegiate decisions, seeking to proactively identify the risks to be mitigated or avoided.

linked to the Board of Directors, such as, Ethical Conduct, for example, and supported by training and capacity building actions developed by Unibrad – Bradesco University for all the professionals.

In meeting the best practices of corporate governance, the Bradesco Organization adopts its own program of integrity, which is composed by a set of policies, standards and procedures aimed at for the prevention, monitoring, detection and response in relation to harmful acts foreseen in Law No. 12,846/13 and in the main international laws, especially where we have units or operations and/or business.

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### **Prevention against Illicit Acts**

Business and relationships are conducted with ethics, integrity and transparency, concepts that permeate the organizational culture, whose values and principles are ratified in the Codes of Conduct and supported by the Senior Management.

Prevention and combat against illicit acts are exercised continuously. These risks are mitigated through policies, standards, procedures, training programs for professionals and controls that seek to promptly detect any operations and situations with indications of links to illegal activities, aimed at the adoption of appropriate measures and actions. This system of mechanisms is subject to constant evaluation and improvement in accordance with current and applicable laws and regulations, as well as with the best market practices, in Brazil and in countries where the Organization has business units.

In this regard, we emphasize training activities on ethical conduct and money laundering prevention, financing of terrorism, corruption and bribery, in addition to the development and review of procedures and strengthening of controls related to public agents and politically exposed persons.

### **Independent Validation of Models of Management and Measurement of Risks and Capital**

We use internal models, developed from statistical, economic, financial, and mathematical theories, and the knowledge of experts, whose purpose is to support and facilitate the structuring of subjects, to standardize and speed up decisions, and to manage risks and capital.

### **11. Innovation and Technology**

We have a history of pioneering technology and innovation in the financial universe and, as the focus is on the users' experience, we seek to accelerate our resources already consolidated, aware of the changes in the market, conducting research and tests with the most advanced technologies to deliver an increasingly practical, efficient and secure Bank. Some examples of actions that we highlight are:

- **inovaBra:** innovation platform formed by eight complementary programs which foster internal and external entrepreneurship, through connections and partnerships in the Organization with the innovation ecosystem based on collaboration between banks and businesses, startups, investors and mentors, in Brazil and in the world, to address the challenges and sustainability of business;
- **habitat:** a prominent arm of inovaBra, habitat is a Brazilian center of innovation that contributes to the facilitation and acceleration of the process of innovation in the Bank, as well as the strengthening of partnerships with large corporate clients, through a structured work of collaboration for innovation in business with the application of frontier technologies from startups. In only five months of operation, we achieved an occupancy of 90%, i.e., almost 1,400 active job positions, 160 startups and 50 companies. In this period, more than 25,000 people visited the space and more than 360 events were held;
- **Voice Biometrics:** at Bradesco, your voice is your password, which gives even more convenience and usability to access the account through *Fone Fácil* (Easy Phone); and
- **BIA – Bradesco Inteligência Artificial (Artificial Intelligence):** using IBM's cognitive computing platform, Watson, as a basis, we were pioneers in developing the BIA, which relates to the user in natural language, answering questions about



In order to detect, mitigate and control risks inherent in our internal models, which are associated with potential adverse consequences arising from decisions based on incorrect or obsolete parameters, inadequate calibration of models, failures in the development stage, or inappropriate use, there is the process of independent validation that stringently evaluates these aspects, challenging the methodology, the assumptions adopted, the data used, the use of the models, as well as the robustness of the environment in which they are implemented, reporting their results to managers, internal audit, and Integrated Risk Management and Capital Allocation Committee – COGIRAC.

### **Information Security**

The security of information and cybernetics are treated at the highest strategic level by the Management Bodies and other hierarchical levels. We have a set of controls that include procedures, processes and organizational structures, as well as rules and IT solutions aimed to protect the confidentiality, availability and integrity of information.

products and services. Available for employees and clients, it makes the customer service more agile, practical and autonomous. In this half, we have had more than 33 million recorded interactions through BIA.

### **12. Human Capital**

The model of Human Capital Management of the Organization is invariably guided by the egalitarian appreciation of people, without any kind of discrimination. We adopted a strategy directed at the development of programs and solutions for the technical and behavioral training and development of our employees, through UniBrad – Universidade Corporativa Bradesco (Bradesco Corporate University), in order to keep them in constant harmony with the market, increasingly more competitive and demanding.

In the half, 1,445 courses were given, with 375,940 participations. The welfare benefits reached 235,628 people, ensuring good wellbeing, the improvement of the quality of life and the safety of employees and their dependents.

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### 13. Sustainability in the Bradesco Organization

For the Bradesco Organization thinking of sustainability has always been natural, present in the form of doing business, and also in the commitment that we have with the development of Brazil. We seek continuous and sustainable growth, respecting the audiences, the communities and the environment with which we interact.

Our Business guidelines and strategies are oriented in such a way as to promote the incorporation of the best practices of corporate sustainability, taking into account each region's characteristics and potential, contributing to the concept of shared value. We highlight the participation and commitment we assumed voluntarily, with initiatives such as Global Compact, Equator Principles, CDP, Principles for Responsible Investment (PRI), GHG Protocol Program and *Empresas pelo Clima* (EPC - Business for the Climate Platform) and, more recently, the Goals of Sustainable Development (ODS).

Reaffirming the commitment with the theme, we integrated a group of 27 banks, from 5 continents, into a UN initiative to develop principles of responsibility in global banking activities, strengthening the role of the sector to finance a more sustainable future and support the society to achieve the ODS, which we have already joined, and the Paris Climate Agreement of the United Nations (UN). Coordinated by the Financial Initiative of the United Nations Environment Programme, it aims to establish a set of principles for the banking environment with similar function to the PRI, for asset managers, and the Principles for Sustainability in Insurance (PSI), of which we are already signatories, for insurers.

The extensive work in business management is recognized and, once more, we are present in the DJSI (Dow Jones Sustainability Indices) of New York Stock Exchange and in other important Sustainability indices such as the ISE (Corporate

### Fundação Bradesco

The Fundação Bradesco, the main social action of the Organization, has invested for more than six decades in education and health care, with a positive influence on improving the quality of life of the communities in which it operates, through quality education for children, young people and adults. Its activities are based on the principle that education is part of the source of equal opportunities, personal and collective achievement, as well as contributing to the construction of a transformative, productive, and dignified society.

With 40 own schools installed mainly in regions of high socio-economic deprivation, it is present in all the Brazilian states and Federal District. To maintain the extensive structure, its budget for the year is predicted to be R\$664.717 million, whereby R\$575.071 million is destined to cover Expenses of the Activities and R\$89.646 million investments in Infrastructure and Educational Technology, which allows the institution to offer free education to:

- a) 97,385 students enrolled in its schools at the following levels: Basic Education (Kindergarten to High School) and Vocational Training (High School level); Youth and Adult Education; and Preliminary and Continuing Vocational Training, focused on creating jobs and income;
- b) 630 thousand students who will complete at least one of the distance-learning courses on offer (EaD), through its e-learning portal "Escola Virtu@l";
- c) 11,987 people who will benefit through partnership projects, such as *Programa Educa+Ação*, and Technology courses; and
- d) Food, medical-dental assistance, school materials and uniform are provided free-of-charge to the more than 42,000 students in Basic Education.

Sustainability Index) and the ICO2 (Carbon Efficient Index), both part of B3 – Brasil, Bolsa, Balcão.

For more information about Bradesco's initiatives, visit [bradescosustentabilidade.com.br/brand-banco.bradesco/ri](https://bradescosustentabilidade.com.br/brand-banco-bradesco/ri).  
[Bradesco](https://bradesco.com.br) \_

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### Bradesco Sports and Education Program (Programa Bradesco Esportes e Educação)

Bradesco Sports and Education Program supports the development of children and teenagers through the teaching of women's volleyball and basketball. It has, in the Municipality of Osasco, SP, Training and Specialist Centers, and its activities are held in their own Sports Development Center, in all Fundação Bradesco's schools, in Municipal Sports Centers, in state and private schools and in a leisure club. Annually, two thousand girls take part, from eight years old, reaffirming the Organization's social commitment and displaying how it values talent, citizenship, as well as education, sport and health.

## 14. Recognitions

**Rankings** – in the period, we highlight the following recognitions regarding the Bradesco Organization:

- **Achievement of the award Most Admired Brands by HRs 2018**, promoted by the *Grupo Gestão RH*. Still on HR, **we were honored by the Faculdade Zumbi dos Palmares** for our policy of diversity, being recognized for the work conducted by the Bank in favor of social inclusion and respect for tolerance and equal opportunities;
- **In the 4th annual Valor Inovação Brasil 2018 (Value Innovation Brazil)**, of the *Jornal Valor Econômico* (Newspaper) and consulting firm Strategy& of PwC, the Bank won first place in the Innovative Bank category and appeared among the

- **Moody's Investors Service:** (i) long-term counterparty rating in foreign currency and local currency, global scale, "Ba1"; (ii) short-term counterparty rating in foreign currency and local currency, global scale, "NP"; (iii) long-term rating of foreign currency deposit, global scale, "Ba3"; (iv) long-term deposit rating in local currency, global scale, "Ba2"; (v) short-term deposit rating in foreign currency and local currency, global scale, "NP"; (vi) long-term rating in local currency, national scale, "Aa1.br"; and (vii) short-term rating in local currency, national scale, "BR-1";

- **S&P Global:** (i) long-term credit rating of issuer in foreign currency and local currency, global scale, "BB-"; (ii) short-term credit rating of issuer of foreign currency and in local currency, global scale, "B"; (iii) long-term credit rating of issuer, national scale, "brAAA"; and (iv) short-term credit rating of issuer, national scale, "brA-1+";

- **Fitch Ratings:** (i) feasibility rating "bb"; rating of support 4; (ii) long-term IDRs in foreign currency and in local currency, global scale, "BB"; (iii) short-term IDRs in foreign currency and in local currency, global scale, "B"; (iv) long-term rating, national scale, "AAA(bra)"; and (v) short-term rating, national scale, "F1+(bra)"; and

- **Austin Rating:** (i) long-term rating, national scale, "brAAA"; and (ii) short-term rating, national scale, "brA-1".

## 15. Acknowledgments

10 most innovative companies in Brazil;

- **In San Francisco, at the RSA Conference Awards 2018**, we received the awards, Most Innovative Archer Project, with the Next case and Most Advanced SOC Strategy, with the PTS case – Program for the Transformation of Security;

The results achieved in the half reflect the correctness, consistency and harmony of the strategy adopted for the year. We continue with our commitment to overcome expectations with efficiency, quality and security to always offer the best. For the successes obtained, we are grateful for the support and trust of our shareholders and clients and the dedicated and efficient work of our employees and other associates.

- **In the XVIII efinance Award 2018**, promoted by *Executivos Financeiros Magazine* (Financial Executives), Bradesco was first place in the categories: Bank of the Year, Voice Banking, Bank on Whatsapp, Digital Governance, Innovation, IOT, Digital Marketing, Security and Usability; and Bradesco Seguros: Management of IT infrastructure;

Cidade de Deus, July 25, 2018

**Board of Directors and**

**Board of Executive Officers**

- **In the annual of Estadão Finanças Mais**, under the consultancy of Austin Rating, Bradesco remained as first in the category of Retail Banks and Grupo Bradesco Seguros in the categories of Life, Pension and Capitalization (bonds); and

- **Bradesco Seguros led the ranking of the Most Digital Insurers in Brazil**, according to a study conducted by consultancy firm DOM Strategy Partners, which evaluated the level of digital maturity of the main companies in the insurance market in the country.

**Ratings** – The risk ratings assigned to Bradesco continue corresponding to the highest levels of assessment granted to Brazilian banks by national and international rating agencies, which are:

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**Consolidated Statement of Financial Position on June 30 – In thousands of Reais**

| <b>Assets</b>   | <b>2018</b>        | <b>2017</b>        |
|---|--------------------|--------------------|
| <b>Current</b>  | <b>823,239,981</b> | <b>771,218,646</b> |
| <b>Cash and due from banks (Note 5)</b>   | <b>15,305,794</b>  | <b>13,377,562</b>  |
| <b>Interbank investments (Notes 3d and 6)</b>                                       | <b>107,479,639</b> | <b>176,454,819</b> |
| Securities purchased under agreements to resell                                     | 98,998,811         | 171,299,636        |
| Interbank investments   | 8,491,330          | 5,168,014          |
| Allowance for losses  | (10,502)           | (12,831)           |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)</b>    | <b>385,931,610</b> | <b>289,702,919</b> |
| Own portfolio   | 307,968,677        | 230,045,938        |
| Securities sold under repurchase agreements – Repledge only                         | 39,260,472         | 27,049,772         |
| Derivative financial instruments (Notes 3f, 7d II and 34a)                          | 15,258,127         | 14,959,492         |
| Given in guarantee to the Brazilian Central Bank                                    | -                  | 83,599             |
| Given in guarantee  | 20,546,792         | 16,865,092         |
| Securities sold under repurchase agreements – unrestricted                          | 2,897,542          | 699,026            |
| <b>Interbank accounts</b>   | <b>71,467,115</b>  | <b>68,833,178</b>  |
| Unsettled payments and receipts   | -                  | 1,274,939          |
| Reserve requirement (Note 8):   |                    |                    |
| - Reserve requirement - Brazilian Central Bank                                      | 71,400,234         | 67,472,257         |
| - SFH - housing finance system  | 21,349             | 23,406             |
| Correspondent banks   | 45,532             | 62,576             |
| <b>Interdepartmental accounts</b>   | <b>198,429</b>     | <b>110,732</b>     |
| Internal transfer of funds  | 198,429            | 110,732            |
| <b>Loans (Notes 3g, 9 and 34a)</b>  | <b>137,731,294</b> | <b>137,070,625</b> |
| Loans:  |                    |                    |
| - Public sector   | 260,243            | 1,075,740          |
| - Private sector  | 156,222,282        | 156,717,195        |
| Loans transferred under an assignment with recourse                                 | 875,064            | 984,481            |
| Allowance for loan losses (Notes 3g, 9f, 9g and 9h)                                 | (19,626,295)       | (21,706,791)       |
| <b>Leases (Notes 2, 3g, 9 and 34a)</b>  | <b>894,812</b>     | <b>1,108,774</b>   |
| Leases receivables:   |                    |                    |
| - Private sector  | 1,724,421          | 2,229,867          |
| Unearned income from leases   | (786,066)          | (1,023,583)        |
| Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)                            | (43,543)           | (97,510)           |
| <b>Other receivables</b>  | <b>100,926,145</b> | <b>80,960,786</b>  |
| Receivables on sureties and guarantees honored (Note 9a-3)                          | 125,492            | 416,316            |
| Foreign exchange portfolio (Note 10a)   | 30,942,619         | 17,402,106         |
| Receivables   | 1,875,413          | 1,892,578          |
| Securities trading  | 1,956,784          | 1,047,191          |
| Specific receivables  | 30,975             | 18,947             |
| Insurance and reinsurance receivables and reinsurance assets – technical provisions | 3,929,138          | 4,764,523          |
| Sundry (Note 10b)   | 63,903,369         | 57,297,310         |
| Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)                 | (1,837,645)        | (1,878,185)        |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Other assets (Note 11)</b>  | <b>3,305,143</b>   | <b>3,599,251</b>   |
| Other assets   | 2,957,154          | 2,970,686          |
| Allowance for losses   | (1,437,078)        | (1,320,248)        |
| Prepaid expenses (Notes 3i and 11b)  | 1,785,067          | 1,948,813          |
| <b>Long-term receivables</b>   | <b>387,034,375</b> | <b>388,479,457</b> |
| <b>Interbank investments (Notes 3d and 6)</b>                                    | <b>1,194,364</b>   | <b>1,128,277</b>   |
| Interbank investments  | 1,194,364          | 1,128,277          |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)</b> | <b>148,383,332</b> | <b>165,637,468</b> |
| Own portfolio  | 74,128,523         | 127,165,693        |
| Securities sold under repurchase agreements – Repledge only                      | 71,713,614         | 27,405,783         |
| Derivative financial instruments (Notes 3f, 7d II and 34a)                       | 939,573            | 90,818             |
| Privatization rights   | 41,707             | 46,517             |
| Given in guarantee   | 1,333,668          | 2,938,461          |
| Securities sold under repurchase agreements – unrestricted                       | 226,247            | 7,990,196          |
| <b>Interbank accounts</b>  | <b>1,220,557</b>   | <b>802,502</b>     |
| Reserve requirement (Note 8):  |                    |                    |
| - SFH - housing finance system   | 1,220,557          | 802,502            |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Consolidated Statement of Financial Position on June 30 – In thousands of Reais**

| <b>Assets</b>   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
| <b>Loans (Notes 3g, 9 and 34a)</b>                                    | <b>167,328,209</b>   | <b>158,974,066</b>   |
| Loans:  |                      |                      |
| - Public sector   | 4,000,000            | 2,000,000            |
| - Private sector  | 169,829,484          | 163,361,536          |
| Loans transferred under an assignment with recourse                   | 7,012,044            | 7,292,471            |
| Allowance for loan losses (Notes 3g, 9f, 9g and 9h)                   | (13,513,319)         | (13,679,941)         |
| <b>Leases (Notes 2, 3g, 9 and 34a)</b>                                | <b>1,039,033</b>     | <b>1,092,315</b>     |
| Leases receivables:   |                      |                      |
| - Private sector  | 2,145,773            | 2,339,749            |
| Unearned income from leases   | (1,060,450)          | (1,181,538)          |
| Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)              | (46,290)             | (65,896)             |
| <b>Other receivables</b>  | <b>67,023,831</b>    | <b>59,843,112</b>    |
| Receivables   | 27,012               | 20,497               |
| Securities trading  | 486,320              | 374,153              |
| Sundry (Note 10b)   | 66,596,052           | 59,472,636           |
| Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)   | (85,553)             | (24,174)             |
| <b>Other assets (Note 11)</b>   | <b>845,049</b>       | <b>1,001,717</b>     |
| Prepaid expenses (Notes 3i and 11b)                                   | 845,049              | 1,001,717            |
| <b>Permanent assets</b>   | <b>29,144,410</b>    | <b>29,426,029</b>    |
| <b>Investments (Notes 3j, 12 and 34a)</b>                             | <b>8,145,364</b>     | <b>7,417,684</b>     |
| Equity investment in unconsolidated and jointly controlled companies: |                      |                      |
| - In Brazil   | 7,996,139            | 7,269,003            |
| Other investments   | 403,960              | 403,434              |
| Allowance for losses  | (254,735)            | (254,753)            |
| <b>Premises and equipment (Notes 3k and 13)</b>                       | <b>7,592,568</b>     | <b>7,358,869</b>     |
| Premises  | 3,123,966            | 2,631,400            |
| Other premises and equipment  | 13,275,980           | 12,377,833           |
| Accumulated depreciation  | (8,807,378)          | (7,650,364)          |
| <b>Intangible assets (Notes 3l and 14)</b>                            | <b>13,406,478</b>    | <b>14,649,476</b>    |
| Intangible Assets   | 29,270,759           | 27,008,380           |
| Accumulated amortization  | (15,864,281)         | (12,358,904)         |
| <b>Total</b>  | <b>1,239,418,766</b> | <b>1,189,124,132</b> |

The accompanying Notes are an integral part of these Consolidated Financial Statements.



Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Consolidated Statement of Financial Position on June 30 – In thousands of Reais**

| <b>Liabilities</b>  | <b>2018</b>        | <b>2017</b>        |
|---|--------------------|--------------------|
| <b>Current</b>  | <b>801,067,391</b> | <b>786,553,459</b> |
| <b>Deposits (Notes 3n and 15a)</b>  | <b>174,784,381</b> | <b>157,253,138</b> |
| Demand deposits   | 31,216,803         | 30,607,724         |
| Savings deposits  | 103,076,706        | 95,736,763         |
| Interbank deposits  | 1,618,190          | 481,809            |
| Time deposits (Notes 15a and 34a)   | 38,872,682         | 30,426,842         |
| <b>Securities sold under agreements to repurchase (Notes 3n and 15b)</b>                            | <b>200,326,978</b> | <b>222,759,897</b> |
| Own portfolio   | 124,202,648        | 87,115,542         |
| Third-party portfolio   | 69,197,812         | 124,405,286        |
| Unrestricted portfolio  | 6,926,518          | 11,239,069         |
| <b>Funds from issuance of securities (Notes 15c and 34a)</b>  | <b>77,915,080</b>  | <b>72,477,559</b>  |
| Mortgage and real estate notes, letters of credit and others  | 76,409,003         | 71,479,699         |
| Securities issued overseas  | 1,110,239          | 671,060            |
| Structured Operations Certificates  | 395,838            | 326,800            |
| <b>Interbank accounts</b>   | <b>17,990,193</b>  | <b>17,638,013</b>  |
| Unsettled payments and receipts   | 16,876,074         | 16,188,307         |
| Correspondent banks   | 1,114,119          | 1,449,706          |
| <b>Interdepartmental accounts</b>   | <b>4,896,199</b>   | <b>4,800,663</b>   |
| Third-party funds in transit  | 4,896,199          | 4,800,663          |
| <b>Borrowing (Notes 16a and 34a)</b>  | <b>24,677,799</b>  | <b>21,511,282</b>  |
| Borrowing in Brazil - other institutions  | -                  | 2,660              |
| Borrowing overseas  | 24,677,799         | 21,508,622         |
| <b>On-lending in Brazil - official institutions (Notes 16b and 34a)</b>                             | <b>7,889,232</b>   | <b>11,224,756</b>  |
| National treasury   | 38,238             | 64,143             |
| BNDES   | 2,580,429          | 4,597,299          |
| FINAME  | 5,269,053          | 6,561,724          |
| Other institutions  | 1,512              | 1,590              |
| <b>Derivative financial instruments (Notes 3f, 7d II and 34a)</b>                                   | <b>15,960,591</b>  | <b>14,094,065</b>  |
| Derivative financial instruments  | 15,960,591         | 14,094,065         |
| <b>Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)</b> | <b>220,954,612</b> | <b>205,107,722</b> |
| <b>Other liabilities</b>  | <b>55,672,326</b>  | <b>59,686,364</b>  |
| Payment of taxes and other contributions  | 3,482,571          | 3,362,148          |
| Foreign exchange portfolio (Note 10a)   | 16,151,154         | 7,105,535          |
| Social and statutory  | 3,158,096          | 2,493,959          |
| Tax and social security (Note 19a)  | 3,312,948          | 3,147,445          |
| Securities trading  | 3,262,567          | 2,084,834          |
| Financial and development funds   | 1,403              | 1,297              |
| Subordinated debts (Notes 18 and 34a)   | 1,097,614          | 14,234,960         |
| Sundry (Note 19b)   | 25,205,973         | 27,256,186         |
| <b>Long-term liabilities</b>  | <b>324,323,348</b> | <b>294,861,578</b> |
| <b>Deposits (Notes 3n and 15a)</b>  | <b>124,359,875</b> | <b>102,945,474</b> |
| Interbank deposits  | 27,711             | 48,459             |

|  |                   |                   |
|--|-------------------|-------------------|
| Time deposits (Notes 15a and 34a)  | 124,332,164       | 102,897,015       |
| <b>Securities sold under agreements to repurchase (Notes 3n and 15b)</b> | <b>2,334,442</b>  | <b>13,784,487</b> |
| Own portfolio  | 2,334,442         | 13,784,487        |
| <b>Funds from issuance of securities (Notes 15c and 34a)</b>             | <b>75,387,630</b> | <b>56,528,974</b> |
| Mortgage and real estate notes, letters of credit and others             | 72,958,698        | 54,146,258        |
| Securities issued overseas   | 2,292,368         | 2,309,777         |
| Structured Operations Certificates                                       | 136,564           | 72,939            |
| <b>Borrowing (Notes 16a and 34a)</b>                                     | <b>655,832</b>    | <b>1,922,072</b>  |
| Borrowing in Brazil - other institutions                                 | -                 | 1,935             |
| Borrowing overseas   | 655,832           | 1,920,137         |
| <b>On-lending in Brazil - official institutions (Notes 16b and 34a)</b>  | <b>18,144,786</b> | <b>21,888,871</b> |
| BNDES  | 8,256,453         | 9,825,810         |
| FINAME   | 9,888,333         | 12,063,061        |
| <b>Derivative financial instruments (Notes 3f, 7d II and 34a)</b>        | <b>642,992</b>    | <b>161,586</b>    |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Consolidated Statement of Financial Position on June 30 – In thousands of Reais**

| <b>Liabilities</b>  | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
| Derivative financial instruments  | 642,992              | 161,586              |
| <b>Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)</b> | <b>31,116,526</b>    | <b>28,532,744</b>    |
| <b>Other liabilities</b>  | <b>71,681,265</b>    | <b>69,097,370</b>    |
| Tax and social security (Note 19a)  | 3,397,578            | 3,815,641            |
| Subordinated debts (Notes 18 and 34a)   | 18,073,621           | 16,818,082           |
| Eligible Debt Capital Instruments (Notes 18 and 34a)  | 23,585,220           | 22,622,595           |
| Sundry (Note 19b)   | 26,624,846           | 25,841,052           |
| <b>Deferred income</b>  | <b>388,058</b>       | <b>428,713</b>       |
| Deferred income   | 388,058              | 428,713              |
| <b>Non-controlling interests in subsidiaries (Note 21)</b>  | <b>601,246</b>       | <b>472,869</b>       |
| <b>Shareholders' equity (Note 22)</b>   | <b>113,038,723</b>   | <b>106,807,513</b>   |
| Capital:  |                      |                      |
| - Domiciled in Brazil   | 66,677,976           | 58,361,528           |
| - Domiciled overseas  | 422,024              | 738,472              |
| Capital reserves  | 11,441               | 11,441               |
| Profit reserves   | 47,331,445           | 47,620,614           |
| Asset valuation adjustments   | (963,649)            | 515,972              |
| Treasury shares (Notes 22d and 34a)   | (440,514)            | (440,514)            |
| <b>Attributable to equity holders of the Parent Company</b>   | <b>113,639,969</b>   | <b>107,280,382</b>   |
| <b>Total</b>  | <b>1,239,418,766</b> | <b>1,189,124,132</b> |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Economic and Financial Analysis Report – June 2018

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Consolidated Income Statement on June 30 - In thousand of Reais**

|  | <b>2018</b>        | <b>2017</b>        |
|--|--------------------|--------------------|
| <b>Revenue from financial intermediation</b>   | <b>58,445,205</b>  | <b>77,791,497</b>  |
| Loans (Note 9j)  | 33,948,112         | 37,653,150         |
| Leases (Note 9j)   | 109,970            | 144,686            |
| Operations with securities (Note 7g)   | 16,010,866         | 22,343,842         |
| Financial income from insurance, pension plans and capitalization bonds (Note 7g)  | 9,339,830          | 14,493,952         |
| Derivative financial instruments (Note 7g)   | (3,294,138)        | (718,414)          |
| Foreign exchange contracts (Note 10a)  | 548,796            | 1,197,531          |
| Reserve requirement (Note 8b)  | 1,831,401          | 2,683,447          |
| Sale or transfer of financial assets   | (49,632)           | (6,697)            |
| <b>Expenses from financial intermediation</b>  | <b>39,695,017</b>  | <b>57,642,006</b>  |
| Retail and professional market funding (Note 15e)  | 19,462,238         | 30,609,521         |
| Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds (Note 15e) | 5,702,616          | 9,610,905          |
| Borrowing and on-lending (Note 16c)  | 5,601,385          | 2,631,053          |
| Allowance for loan losses (Notes 3g, 9g and 9h)  | 8,928,778          | 14,790,527         |
| <b>Gross income from financial intermediation</b>  | <b>18,750,188</b>  | <b>20,149,491</b>  |
| <b>Other operating income (expenses)</b>   | <b>(9,730,728)</b> | <b>(9,209,203)</b> |
| Fee and commission income (Note 23)  | 12,364,841         | 11,656,282         |
| Other fee and commission income  | 8,301,816          | 7,938,193          |
| Income from banking fees   | 4,063,025          | 3,718,089          |
| Retained premium from insurance, pension plans and capitalization bonds (Notes 3o and 20c)                                     | 35,755,719         | 36,320,481         |
| Net written premiums earned  | 35,792,820         | 36,460,220         |
| Reinsurance premiums paid  | (37,101)           | (139,739)          |
| Variation in technical provisions for insurance, pension plans and capitalization bonds (Note 3o)                              | (14,820,833)       | (15,583,382)       |
| Retained claims (Note 3o)  | (12,881,357)       | (12,851,662)       |
| Capitalization bond prize draws and redemptions (Note 3o)  | (2,736,897)        | (2,708,872)        |
| Selling expenses from insurance, pension plans and capitalization bonds (Note 3o)  | (1,596,590)        | (1,769,853)        |
| Payroll and related benefits (Note 24)   | (9,341,018)        | (9,420,409)        |
| Other administrative expenses (Note 25)  | (9,386,114)        | (9,339,827)        |
| Tax expenses (Note 26)   | (2,418,528)        | (2,916,684)        |
| Share of profit (loss) of unconsolidated and jointly controlled companies (Note 12b)   | 775,789            | 694,456            |
| Other operating income (Note 27)   | 3,476,941          | 6,345,249          |
| Other operating expenses (Note 28)   | (8,922,681)        | (9,634,982)        |
| <b>Operating income</b>  | <b>9,019,460</b>   | <b>10,940,288</b>  |
| <b>Non-operating income (loss) (Note 29)</b>   | <b>(328,546)</b>   | <b>(292,461)</b>   |

|   |                  |                    |
|---|------------------|--------------------|
| <b>Income before income tax and social contribution and non-controlling interests</b> | <b>8,690,914</b> | <b>10,647,827</b>  |
| <b>Income tax and social contribution (Notes 33a and 33b)</b>                         | <b>404,761</b>   | <b>(2,602,519)</b> |
| Current income tax  | (2,286,041)      | (3,552,958)        |
| Current Social Contribution   | (1,189,116)      | (2,123,311)        |
| Deferred Tax  | 3,879,918        | 3,073,750          |
| <b>Non-controlling interests in subsidiaries</b>                                      | <b>(101,167)</b> | <b>(63,138)</b>    |
| <b>Net income</b>   | <b>8,994,508</b> | <b>7,982,170</b>   |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Statements of Changes in Shareholders' Equity - In thousand of Reais**

| Events   | Capital           | Capital<br>reserves<br>Share<br>premium | Profit reserves<br>Legal | Statutory         | Asset<br>valuation<br>adjustments | Treasury<br>shares | Retained<br>earnings | Total              |
|--|-------------------|---|--------------------------|-------------------|-----------------------------------|--------------------|----------------------|--------------------|
| <b>Balance on<br/>December 31,<br/>2016</b>                            | <b>51,100,000</b> | <b>11,441</b>                           | <b>6,807,128</b>         | <b>43,641,474</b> | <b>(677,116)</b>                  | <b>(440,514)</b>   | <b>-</b>             | <b>100,442,413</b> |
| Capital<br>increase with<br>reserves                                   | 8,000,000         | -                                       | -                        | (8,000,000)       | -                                 | -                  | -                    | -                  |
| Asset<br>valuation<br>adjustments                                      | -                 | -                                       | -                        | -                 | 1,193,088                         | -                  | -                    | 1,193,088          |
| Net income   | -                 | -                                       | -                        | -                 | -                                 | -                  | 7,982,170            | 7,982,170          |
| Allocations:   |                   |   |                          |                   |                                   |                    |                      |                    |
| - Reserves   | -                 | -                                       | 399,109                  | 4,772,903         | -                                 | -                  | (5,172,012)          | -                  |
| - Interest on<br>Shareholders'<br>Equity Paid                          | -                 | -                                       | -                        | -                 | -                                 | -                  | (2,810,158)          | (2,810,158)        |
| <b>Balance on<br/>June 30, 2017</b>                                    | <b>59,100,000</b> | <b>11,441</b>                           | <b>7,206,237</b>         | <b>40,414,377</b> | <b>515,972</b>                    | <b>(440,514)</b>   | <b>-</b>             | <b>106,807,513</b> |
| <b>Balance on<br/>December 31,<br/>2017</b>                            | <b>59,100,000</b> | <b>11,441</b>                           | <b>7,540,016</b>         | <b>42,361,997</b> | <b>1,884,536</b>                  | <b>(440,514)</b>   | <b>-</b>             | <b>110,457,476</b> |
| Capital<br>increase with<br>reserves                                   | 8,000,000         | -                                       | -                        | (8,000,000)       | -                                 | -                  | -                    | -                  |
| Asset<br>valuation<br>adjustments                                      | -                 | -                                       | -                        | -                 | (2,848,185)                       | -                  | -                    | (2,848,185)        |
| Net income   | -                 | -                                       | -                        | -                 | -                                 | -                  | 8,994,508            | 8,994,508          |
| Allocations:   |                   |   |                          |                   |                                   |                    |                      |                    |
| - Reserves   | -                 | -                                       | 449,725                  | 4,979,707         | -                                 | -                  | (5,429,432)          | -                  |
| - Interest on<br>Shareholders'<br>Equity Paid<br>and/or<br>provisioned | -                 | -                                       | -                        | -                 | -                                 | -                  | (3,565,076)          | (3,565,076)        |
| <b>Balance on<br/>June 30, 2018</b>                                    | <b>67,100,000</b> | <b>11,441</b>                           | <b>7,989,741</b>         | <b>39,341,704</b> | <b>(963,649)</b>                  | <b>(440,514)</b>   | <b>-</b>             | <b>113,038,723</b> |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Economic and Financial Analysis Report – June 2018

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Consolidated Statement of Added Value Accumulated on June 30 - In thousand of Reais**

| Description   | 2018                | %              | 2017                | %              |
|---|---------------------|----------------|---------------------|----------------|
| <b>1 – Revenue</b>  | <b>61,621,054</b>   | <b>293.1</b>   | <b>76,162,694</b>   | <b>323.2</b>   |
| 1.1) Financial intermediation   | 58,445,205          | 278.0          | 77,791,497          | 330.1          |
| 1.2) Fees and commissions   | 12,364,841          | 58.8           | 11,656,282          | 49.5           |
| 1.3) Allowance for loan losses  | (8,928,778)         | (42.5)         | (14,790,527)        | (62.8)         |
| 1.4) Other  | (260,214)           | (1.2)          | 1,505,442           | 6.4            |
| <b>2 – Financial intermediation expenses</b>                              | <b>(30,766,239)</b> | <b>(146.4)</b> | <b>(42,851,479)</b> | <b>(181.8)</b> |
| <b>3 – Inputs acquired from third-parties</b>                             | <b>(7,438,909)</b>  | <b>(35.4)</b>  | <b>(7,446,496)</b>  | <b>(31.6)</b>  |
| Outsourced services   | (2,323,747)         | (11.1)         | (2,349,701)         | (10.0)         |
| Data processing   | (1,141,149)         | (5.4)          | (1,090,705)         | (4.6)          |
| Communication   | (779,921)           | (3.7)          | (834,196)           | (3.5)          |
| Asset maintenance   | (554,886)           | (2.6)          | (556,527)           | (2.4)          |
| Financial system services   | (470,345)           | (2.2)          | (521,407)           | (2.2)          |
| Advertising and marketing   | (474,422)           | (2.3)          | (328,345)           | (1.4)          |
| Security and surveillance   | (383,676)           | (1.8)          | (416,863)           | (1.8)          |
| Transport   | (372,026)           | (1.8)          | (382,322)           | (1.6)          |
| Material, water, electricity and gas                                      | (316,809)           | (1.5)          | (348,849)           | (1.5)          |
| Travel  | (136,248)           | (0.6)          | (117,569)           | (0.5)          |
| Other   | (485,680)           | (2.3)          | (500,012)           | (2.1)          |
| <b>4 – Gross value added (1-2-3)</b>                                      | <b>23,415,906</b>   | <b>111.4</b>   | <b>25,864,719</b>   | <b>109.8</b>   |
| <b>5 – Depreciation and amortization</b>                                  | <b>(3,171,022)</b>  | <b>(15.1)</b>  | <b>(2,993,608)</b>  | <b>(12.7)</b>  |
| <b>6 – Net value added produced by the entity (4-5)</b>                   | <b>20,244,884</b>   | <b>96.3</b>    | <b>22,871,111</b>   | <b>97.1</b>    |
| <b>7 – Value added received through transfer</b>                          | <b>775,789</b>      | <b>3.7</b>     | <b>694,456</b>      | <b>2.9</b>     |
| Share of profit (loss) of unconsolidated and jointly controlled companies | 775,789             | 3.7            | 694,456             | 2.9            |
| <b>8 – Value added to distribute (6+7)</b>                                | <b>21,020,673</b>   | <b>100.0</b>   | <b>23,565,567</b>   | <b>100.0</b>   |
| <b>9 – Value added distributed</b>  | <b>21,020,673</b>   | <b>100.0</b>   | <b>23,565,567</b>   | <b>100.0</b>   |
| <b>9.1) Personnel</b>   | <b>8,270,774</b>    | <b>39.3</b>    | <b>8,301,209</b>    | <b>35.2</b>    |
| Salaries  | 4,158,316           | 19.8           | 4,409,845           | 18.7           |
| Benefits  | 2,140,232           | 10.2           | 2,208,583           | 9.4            |
| Government Severance Indemnity Fund for Employees (FGTS)                  | 366,215             | 1.7            | 478,899             | 2.0            |
| Other   | 1,606,011           | 7.6            | 1,203,882           | 5.1            |
| <b>9.2) Tax, fees and contributions</b>                                   | <b>3,084,011</b>    | <b>14.7</b>    | <b>6,638,403</b>    | <b>28.2</b>    |
| Federal   | 2,487,429           | 11.8           | 6,191,404           | 26.3           |
| State   | 3,190               | -              | 5,205               | -              |
| Municipal   | 593,392             | 2.8            | 441,794             | 1.9            |
| <b>9.3) Remuneration for providers of capital</b>                         | <b>570,213</b>      | <b>2.7</b>     | <b>580,647</b>      | <b>2.5</b>     |
| Rental  | 568,074             | 2.7            | 577,313             | 2.4            |
| Asset leases  | 2,139               | -              | 3,334               | -              |
| <b>9.4) Value distributed to shareholders</b>                             | <b>9,095,675</b>    | <b>43.3</b>    | <b>8,045,308</b>    | <b>34.1</b>    |
| Interest on Shareholders' Equity Dividends paid and/or provisioned        | 3,565,076           | 17.0           | 2,810,158           | 11.9           |
| Retained earnings   | 5,429,432           | 25.8           | 5,172,012           | 21.9           |



|  |         |     |        |     |
|--|---------|-----|--------|-----|
| Non-controlling interests in retained earnings | 101,167 | 0.5 | 63,138 | 0.3 |
|--|---------|-----|--------|-----|

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Consolidated cash flow Statement for the three months ended June 30 - In thousand of Reais**

|   | 2018               | 2017              |
|---|--------------------|-------------------|
| <b>Cash flow from operating activities:</b>   |                    |                   |
| <b>Income before income tax and social contribution and non-controlling interests</b>   | <b>8,690,914</b>   | <b>10,647,827</b> |
| <b>Adjustments to net income before income tax and social contribution</b>  | <b>28,163,491</b>  | <b>39,852,102</b> |
| Effect of Changes in Exchange Rates in Cash and Cash equivalents  | (421,701)          | (348,871)         |
| Allowance for loan losses   | 8,928,778          | 14,790,527        |
| Depreciation and amortization   | 3,171,022          | 2,993,608         |
| Impairment losses of assets   | 407,060            | 833,283           |
| Expenses/ reversal with civil, labor and tax provisions   | 2,110,328          | 1,267,115         |
| Expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds | 5,702,616          | 9,610,905         |
| Share of profit (loss) of unconsolidated and jointly controlled companies   | (775,789)          | (694,456)         |
| (Gain)/loss on sale of investments  | -                  | 118               |
| (Gain)/loss on sale of fixed assets   | 24,879             | 18,826            |
| (Gain)/loss on sale of foreclosed assets  | 280,936            | 245,777           |
| Foreign exchange variation of assets and liabilities overseas/Other   | 8,735,362          | 11,135,270        |
| <b>Net income before taxes after adjustments</b>  | <b>36,854,405</b>  | <b>50,499,929</b> |
| (Increase)/Decrease in interbank investments  | (3,894,253)        | 1,853,615         |
| (Increase)/Decrease in trading securities and derivative financial instruments  | 5,371,247          | (7,150,510)       |
| (Increase)/Decrease in interbank and interdepartmental accounts   | (3,795,089)        | (2,142,508)       |
| (Increase)/Decrease in loans and leases   | (26,988,455)       | (891,750)         |
| (Increase)/Decrease in insurance and reinsurance receivables and reinsurance assets   | (12,311)           | 381,130           |
| (Increase)/Decrease in other receivables and other assets   | (18,180,898)       | (503,878)         |
| (Increase)/Decrease in reserve requirement - Central Bank   | (4,686,008)        | (9,435,726)       |
| Increase/(Decrease) in deposits   | 33,936,894         | 25,962,934        |
| Increase/(Decrease) in securities sold under agreements to repurchase   | (30,806,124)       | (5,434,547)       |
| Increase/(Decrease) in borrowings and on-lending  | 2,076,642          | (1,649,021)       |
| Increase/(Decrease) in technical provisions for insurance, pension plans and capitalization bonds                                 | (284,043)          | 687,404           |
| Increase/(Decrease) in other liabilities  | 6,964,233          | (5,850,684)       |
| Increase/(Decrease) in deferred income  | (21,675)           | (48,472)          |
| Income tax and social contribution paid   | (4,595,879)        | (4,949,466)       |
| <b>Net cash provided by/(used in) operating activities</b>  | <b>(8,061,314)</b> | <b>41,328,450</b> |
| <b>Cash flow from investing activities:</b>   |                    |                   |
| Maturity of and interest on held-to-maturity securities   | 2,703,263          | 2,379,481         |
| Sale of/maturity of and interest on available-for-sale securities   | 58,503,957         | 67,432,235        |
| Proceeds from sale of foreclosed assets   | 320,543            | 334,137           |
| Sale of investments   | -                  | 236               |
| Sale of premises and equipment  | 284,999            | 295,001           |
| Purchases of available-for-sale securities  | (99,692,375)       | (74,252,539)      |
| Purchases of held-to-maturity securities  | (100,275)          | (95,786)          |

|   |                     |                     |
|---|---------------------|---------------------|
| Investment acquisitions   | (1,086)             | (1,510)             |
| Purchase of premises and equipment                                    | (862,352)           | (596,234)           |
| Intangible asset acquisitions   | (626,160)           | (660,710)           |
| Dividends and interest on shareholders' equity received               | 543,195             | 335,625             |
| <b>Net cash provided by/(used in) investing activities</b>            | <b>(38,926,291)</b> | <b>(4,830,064)</b>  |
| <b>Cash flow from financing activities:</b>                           |                     |                     |
| Funds from securities issued  | 51,327,057          | 24,748,158          |
| Settlement and Interest payments of Funds from issuance of securities | (38,107,061)        | (54,189,925)        |
| Issuance of subordinated debts  | -                   | 6,515,846           |
| Settlement and Interest payments of subordinated debts                | (11,087,550)        | (8,501,057)         |
| Interest on Shareholders' Equity Paid                                 | (4,793,024)         | (4,720,677)         |
| Non-controlling interest  | (63,323)            | (39,078)            |
| <b>Net cash provided by/(used in) financing activities</b>            | <b>(2,723,901)</b>  | <b>(36,186,733)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>           | <b>(49,711,506)</b> | <b>311,653</b>      |
| Cash and cash equivalents - at the beginning of the period            | 156,054,442         | 181,230,427         |
| Effect of Changes in Exchange Rates in Cash and Cash equivalents      | 421,701             | 348,871             |
| Cash and cash equivalents - at the end of the period                  | 106,764,637         | 181,890,951         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>           | <b>(49,711,506)</b> | <b>311,653</b>      |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Notes to the Consolidated Financial Statements***

The accompanying Notes are an integral part of these Consolidated Financial Statements are distributed as follow:

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***Notes to the Consolidated Financial Statements***

**1) OPERATIONS**

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company and universal bank that, through its commercial, foreign exchange, consumer financing and housing loan portfolios, carries out all the types of banking activities for which it has authorization. The Bank is involved in a number of other activities, either directly or indirectly, through its subsidiaries, specifically leases, investment banking, brokerage, consortium management, credit cards, real estate projects, insurance, pension plans and capitalization bonds. All these activities are undertaken by the various companies in the Bradesco Organization (Organization), working together in an integrated manner in the market.

**2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Bradesco's consolidated financial statements include the financial statements for Bradesco, its foreign branches and subsidiaries, in Brazil and overseas and SPEs (Special Purpose Entities) and investment funds of which the Organization's companies are the main beneficiaries or holders of the principal obligations, as established by Technical Pronouncement CPC 36 (R3), "Consolidation". These statements were prepared in conformity with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (Bacen), and are in conformity with accounting guidelines included in Laws No. 4,595/64 (Brazilian Financial System Law) and No. 6,404/76 (Brazilian Corporate Law), including amendments introduced by Laws No. 11,638/07 and No. 11,941/09, as they relate to the accounting for operations, complemented by the rules and instructions of the National Monetary Council (CMN), Bacen, Brazilian Securities and Exchange Commission (CVM), and where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Supplementary Healthcare Agency (ANS). The financial statements of the lease companies included in the consolidated financial statements were prepared using the finance lease method, under which the carrying amount of leased premises and equipment less the residual value paid in advance are reclassified.

Management states that it has disclosed all relevant information in the consolidated financial statements of Bradesco and that the accounting practices have been applied in a consistent manner in all years presented.

For the preparation of these consolidated financial statements, the intercompany transactions, balances of equity accounts, revenue, expenses and unrealized profits were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line.

Goodwill on the acquisition of investments in associates, subsidiaries or jointly controlled companies is presented in the investments and intangible assets lines (Note 14a). The foreign exchange variation from foreign branches and investments is presented in the statement of income accounts used for changes in the value of the derivative financial instrument and borrowing and on-lending operations in order to offset these results with the hedges of these investments.

The financial statements include estimates and assumptions, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity securities and non-financial assets; the calculation of technical provisions for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on July 25, 2018.

Economic and Financial Analysis Report – June 2018

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**Notes to the Consolidated Financial Statements**

Below are the significant directly and indirectly owned companies and investment funds included in the consolidated financial statements:

|   |                  | On June 30              |         |
|---|------------------|-------------------------|---------|
|   | Activity         | Equity interest<br>2018 | 2017    |
| <b>Financial Sector – Brazil</b>                                |                  |                         |         |
| Ágora Corretora de Títulos e Valores Mobiliários S.A.           | Brokerage        | 100.00%                 | 100.00% |
| Banco Alvorada S.A.   | Banking          | 99.99%                  | 99.99%  |
| Banco Boavista Interatlântico S.A.(1)                           | Banking          | -                       | 100.00% |
| Banco Bradescard S.A.   | Cards            | 100.00%                 | 100.00% |
| Banco Bradesco BBI S.A.(1)                                      | Investment bank  | 99.96%                  | 99.81%  |
| Banco Bradesco BERJ S.A.  | Banking          | 100.00%                 | 100.00% |
| Banco Bradesco Cartões S.A.                                     | Cards            | 100.00%                 | 100.00% |
| Banco Bradesco Financiamentos S.A.                              | Banking          | 100.00%                 | 100.00% |
| Banco Losango S.A.  | Banking          | 100.00%                 | 100.00% |
|   | Consortium       |                         |         |
| Bradesco Administradora de Consórcios Ltda.                     | management       | 100.00%                 | 100.00% |
| Bradesco Leasing S.A. Arrendamento Mercantil                    | Leases           | 100.00%                 | 100.00% |
| Bradesco Kirton Corretora de Títulos e Valores Mobiliários S.A. | Brokerage        | 99.97%                  | 99.97%  |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários        | Brokerage        | 100.00%                 | 100.00% |
|   | Asset            |                         |         |
| BRAM - Bradesco Asset Management S.A. DTVM                      | management       | 100.00%                 | 100.00% |
| Kirton Bank Brasil S.A.   | Banking          | 100.00%                 | 100.00% |
| Tempo Serviços Ltda.  | Services         | 100.00%                 | 100.00% |
| <b>Financial Sector – Overseas</b>                              |                  |                         |         |
| Banco Bradesco Argentina S.A.U (2)                              | Banking          | 100.00%                 | 99.99%  |
| Banco Bradesco Europa S.A.                                      | Banking          | 100.00%                 | 100.00% |
| Banco Bradesco S.A. Grand Cayman Branch (3)                     | Banking          | 100.00%                 | 100.00% |
| Banco Bradesco S.A. New York Branch                             | Banking          | 100.00%                 | 100.00% |
| Bradesco Securities, Inc.                                       | Brokerage        | 100.00%                 | 100.00% |
| Bradesco Securities, UK.  | Brokerage        | 100.00%                 | 100.00% |
| <b>Insurance, Pension Plan and Capitalization Bond Sector</b>   |                  |                         |         |
| Atlântica Companhia de Seguros                                  | Insurance        | 100.00%                 | 100.00% |
| Bradesco Argentina de Seguros S.A. (4)                          | Insurance        | 99.99%                  | 99.99%  |
| Bradesco Auto/RE Companhia de Seguros                           | Insurance        | 100.00%                 | 100.00% |
|   | Capitalization   |                         |         |
| Bradesco Capitalização S.A.                                     | bonds            | 100.00%                 | 100.00% |
| Bradesco Saúde S.A.   | Insurance/health | 100.00%                 | 100.00% |



|  |                    |         |         |
|--|--------------------|---------|---------|
| Bradesco Seguros S.A. (5)                        | Insurance          | 99.96%  | 100.00% |
|  | Pension            |         |         |
| Bradesco Vida e Previdência S.A.                 | plan/Insurance     | 100.00% | 100.00% |
|  | Capitalization     |         |         |
| Kirton Capitalização S.A. (6)                    | bonds              | -       | 99.97%  |
| Kirton Seguros S.A. (6)                          | Insurance          | -       | 98.08%  |
|  | Pension            |         |         |
| Kirton Vida e Previdência S.A. (6)               | plan/Insurance     | -       | 100.00% |
| Odontoprev S.A. (4)                              | Dental care        | 50.01%  | 50.01%  |
| <b>Other Activities</b>                          |                    |         |         |
| Andorra Holdings S.A.                            | Holding            | 100.00% | 100.00% |
| Bradseg Participações S.A.                       | Holding            | 100.00% | 100.00% |
|  | Insurance          |         |         |
| Bradescor Corretora de Seguros Ltda.             | Brokerage          | 100.00% | 100.00% |
| Bradesplan Participações Ltda.                   | Holding            | 100.00% | 100.00% |
| BSP Empreendimentos Imobiliários S.A.            | Real estate        | 100.00% | 100.00% |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition | 100.00% | 100.00% |
| Columbus Holdings S.A.                           | Holding            | 100.00% | 100.00% |
| Kirton Participações e Investimentos Ltda. (7)   | Holding            | -       | 100.00% |
| Nova Paiol Participações Ltda.                   | Holding            | 100.00% | 100.00% |
| União Participações Ltda.                        | Holding            | 100.00% | 100.00% |
| <b>Investment Funds (8)</b>                      |                    |         |         |
| Bradesco F.I.R.F. Master II Previdência          | Investment Fund    | 100.00% | 100.00% |
| Bradesco F.I.C.F.I. R.F. VGBL F10                | Investment Fund    | 100.00% | 100.00% |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements**

|  | Activity        | On June 30              |         |
|--|-----------------|-------------------------|---------|
|  |                 | Equity interest<br>2018 | 2017    |
| Bradesco F.I.R.F. Master IV Previdência                      | Investment Fund | 100.00%                 | 100.00% |
| Bradesco F.I. Referenciado DI Performance                    | Investment Fund | 100.00%                 | 100.00% |
| Bradesco Private F.I.C.F.I. RF PGBL/VGBL Ativo               | Investment Fund | 100.00%                 | 100.00% |
| Bradesco Private F.I.C.F.I. R.F. PGBL/VGBL Ativo - F<br>08 C | Investment Fund | 100.00%                 | 100.00% |
| Bradesco FI Referenciado DI União                            | Investment Fund | 99.89%                  | 99.66%  |
| Bradesco F.I.C.R.F. VGBL FIX                                 | Investment Fund | 100.00%                 | 100.00% |
| Bradesco F.I.C.F.I. Renda Fixa V-A                           | Investment Fund | 100.00%                 | 100.00% |
| Bradesco F.I.C.F.I.R.F. VGBL F15                             | Investment Fund | 100.00%                 | 100.00% |

(1) In November, 2017, Banco Boavista Interatlântico S.A. was merged into Banco Bradesco BBI S.A. increasing the interest by means of subscription of shares and in May, 2018, there were acquisition of shares held by minority shareholders by Banco Bradesco S.A;

(2) Change in the percentage of participation, by assignment of quotas and change of corporate name to unilateral company;

(3) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company is part of a structure set up for the securitization of the future flow of payment orders received overseas;

(4) Based on financial information from the previous month;

(5) Reduction in participation due to the merger of Kirton Seguros S.A through the exchange of minority shares;

(6) Companies incorporated in June, 2018, by their respective counterparts (Bradesco Seguros S.A., Bradesco Capitalização S.A. and Bradesco Vida e Previdência S.A.);

(7) Company merged into Kirton Seguros S.A., in July 2017; and

(8) The investment funds in which Bradesco assumes or substantially retains the risks and benefits were consolidated.

**3) SIGNIFICANT ACCOUNTING PRACTICES****a) Functional and presentation currencies**

Consolidated financial statements are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and, therefore, assets, liabilities and profit or loss are translated into Brazilian reais using the appropriate currency exchange rate, to comply with accounting practices adopted in Brazil. Foreign currency translation gains and losses arising are recognized in the period's statement of income in the lines "Derivative Financial Instruments" and "Borrowing and On-lending".

## **b) Income and expense recognition**

Income and expenses are recognized on an accrual basis in order to determine the net income for the period to which they relate, regardless of when the funds are received or paid.

Fixed rate contracts are recognized at their redemption value with the income or expense relating to future periods being recognized as a deduction from the corresponding asset or liability. Finance income and costs are recognized daily on a pro-rata basis and calculated using the compounding method, except when they relate to discounted notes or to foreign transactions, which are calculated using the straight-line method.

Floating rate and foreign-currency-indexed contracts are adjusted for interest and foreign exchange rates applicable at the reporting date.

Insurance and coinsurance premiums, net of premiums paid for coinsurance and related commissions, are recognized upon the issue of the related policies/certificates/endorsements and invoices, or upon the beginning of the exposure to risk in cases in which the risk begins before the policy issuance, and is recognized on a straight-line basis over the policies' effective period through the upfront recognition and subsequent reversal through the statement of income of the unearned premium reserve and the deferred acquisition costs. Revenues from premiums and the corresponding deferred acquisition costs, relating to existing risk for which no policy has been issued, are recognized in the statement of income at the beginning of the risk exposure, based on estimated figures.

The health insurance premiums are recognized in the premiums (results) account or provision for unearned premiums/considerations (PPCNG), according to the period of coverage of contracts in force on the reporting date.



Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Notes to the Consolidated Financial Statements***

Income and expenses arising from Mandatory Insurance For Personal Injury Caused by Motor Vehicles (DPVAT) insurance operations are recognized based on information provided by Seguradora Líder dos Consórcios do Seguro DPVAT S.A.

Accepted coinsurance and retrocession operations are recognized based on the information received from other insurers and IRB - Brasil Resseguros S.A. (IRB), respectively.

Reinsurance operations are recognized based on the premium and claims information provided, which is subject to the analysis of the re-insurers. The deductions of reinsurance premiums granted are consistent with the recognition of the corresponding insurance premium and/or terms of the reinsurance contract.

The acquisition costs related to the insurance commission are deferred and appropriated to the income in proportion to the recognition of the premium earned.

Contributions and agency fees are deferred and recognized in the statement of income on a straight-line basis over a period of 24 months for health insurance operations, and 12 months for other operations.

Pension plan contributions and life insurance premiums with survival coverage are recognized in the statement of income as they are received.

The management fee income is appropriated to the income on an accrual basis, according to contractually established rates.

Revenue from capitalization bonds is recognized in the month in which they are issued, according to the types of collection, which may be in monthly payments or in a single payment. Each security has a nominal value, which is indexed to the Reference Rate (TR) and interest rates defined in the plan. Technical provisions are recognized when the respective revenues are recognized.

The revenues arising from unclaimed and expired capitalization bonds (securities and non-redeemed draws) are recognized after the prescription period, that is, until November 2003, up to 20 years and five years after this date as established by law. The expenses related to commercialization of capitalization bonds are classified as "Acquisition Costs" and are recognized in the statement of income as incurred.

**c) Cash and cash equivalents**

Cash and cash equivalents include: funds available in currency, investments in gold, securities sold under agreements to repurchase and interest-earning deposits in other banks, maturing in 90 days or less, from the time of the acquisition, which are exposed to insignificant risk of change in fair value. These funds are used by Bradesco to manage its short-term commitments.

Cash and cash equivalents detailed balances are presented in Note 5.

**d) Interbank investments**

Securities purchased under agreements to resell are stated at their fair value. All other interbank investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 6.

**e) Securities – Classification**

- Trading securities – securities acquired for the purpose of being actively and frequently traded. They are recognized at cost, plus income earned and adjusted to fair value with changes recognized in the Statement of Income for the period;

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- Available-for-sale securities – securities that are not specifically intended for trading purposes or to be held to maturity. They are recognized at cost, plus income earned, which is recognized in profit or loss in the period and adjusted to fair value with changes recognized in shareholders' equity, net of tax, which will be transferred to the Statement of Income only when effectively realized; and
- Held-to-maturity securities – securities for which there is positive intent and financial capacity to hold to maturity. They are recognized at cost, plus income earned recognized in the Statement of Income for the period.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their fair value. Fair value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. If market prices are not available, fair values are based on traders' quotations, pricing models, discounted cash flows or similar techniques to determine the fair value and may require judgment or significant estimates by Management.

Classification, breakdown and segmentation of securities are presented in Note 7.

**f) Derivative financial instruments (assets and liabilities)**

Derivative financial instruments are designed to meet the Company's own needs to manage Bradesco's global exposure, as well to meet customer requests, in order to manage its positions.

The transactions are recorded at their fair value considering the mark-to-market methodologies adopted by Bradesco, and their adjustment can be recorded in the statement of income or equity, depending on the classification as accounting hedge (and the category of accounting hedge) or as an economic hedge.

Derivative financial instruments used to mitigate the risks of exposures in currencies, indexes, prices, rates or indexes are considered as hedge instruments, whose objectives are: (i) to ensure exposures remain with risk limits; (ii) change, modify or reverse positions due to market changes and operational strategies; and

(iii) reduce or mitigate exposures of transactions in inactive markets, under stress or low liquidity conditions.

Instruments designated for hedge accounting purposes are classified according to their nature in:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the Statement of Income; and
- Cash flow hedge: the effective portion of valuation or devaluation of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the Statement of Income; and
- Hedge of net investment in foreign operations - the financial instruments classified in this category are intended to hedge the exchange variation of investments abroad, whose functional currency is different from the national currency, and are accounted for in accordance with the accounting procedures applicable to the hedge category of cash flow, that is, with the effective portion recognized in shareholders' equity, net of tax effects, and the non-effective portion recognized in income for the period.

For derivatives classified in the hedge accounting category, there is a follow-up of: (i) strategy effectiveness, through prospective and retrospective effectiveness tests, and (ii) mark-to-market of hedge instruments.

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and off-balance-sheet accounts, is disclosed in Note 7.



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**g) Loans and leases, advances on foreign exchange contracts, other receivables with credit characteristics and allowance for loan losses**

Loans and leases, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2,682/99, which requires risk ratings to have nine levels, from "AA" (minimum risk) to "H" (maximum risk) considering, among other things, the delay levels (as described in table below); and (ii) Management's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to contract, debtors and guarantors.

| <b>Past-due period (1)</b> | <b>Customer rating</b> |
|----------------------------|------------------------|
| from 15 to 30 days         | B                      |
| from 31 to 60 days         | C                      |
| from 61 to 90 days         | D                      |
| from 91 to 120 days        | E                      |
| from 121 to 150 days       | F                      |
| from 151 to 180 days       | G                      |
| more than 180 days         | H                      |

(1) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by CMN Resolution No. 2,682/99.

Interest and inflation adjustments on past-due transactions are only recognized in the Statement of Income up to the 60<sup>th</sup> day that they are past due.

H-rated past-due transactions remain at this level for six months, after which they are written-off against the existing allowance and controlled in off-balance-sheet accounts for at least five years.

Renegotiated loans are maintained at least at the same rating in which they were classified.

Renegotiations of loans that had already been written-off against the allowance and that were recognized in off-balance-sheet accounts, are rated as level “H” and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant repayment on the loan or when new material facts justify a change in the level of risk, the loan may be reclassified to a lower risk category.

The estimated allowance for loan losses is calculated to sufficiently cover probable losses, according to CMN and Bacen standards and instructions, together with Management’s assessment of the credit risk.

The classification of the generally loans to the same economic client or group is defined as the one that presents the highest risk. In exceptional cases, different ratings for a particular loan are accepted according to the nature, value, purpose of the loan and characteristics of the guarantees.

Type, values, terms, levels of risk, concentration, economic sector of client’s activity, renegotiation and income from loans, as well as the breakdown of expenses and statement of financial position accounts for the allowance for loan losses are presented in Note 9.

#### **h) Income tax and social contribution (assets and liabilities)**

Deferred tax assets, calculated on income tax losses, social contribution losses and temporary differences, are recognized in “Other Receivables - Sundry” and the deferred tax liabilities on tax differences in lease asset depreciation (applicable only for income tax), fair value adjustments on securities, inflation adjustment of judicial deposits, among others, are recognized in “Other Liabilities - Tax and Social Security”.

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit

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of the taxable profit for the period. Deferred tax assets are recognized based on current expectations of realization considering technical studies and analyses carried out by Management.

The provision for income tax is calculated at 15% of taxable income plus a 10% surcharge. For financial companies, for companies considered as such and for the insurance industry, the social contribution on the profit was calculated until August 2015, considering the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13,169/15 and the rate will be 15% again as from January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

Due to the amendment of the rate, the Organization recognized, in September 2015, an incremental amount to the deferred tax of social contribution, considering the annual expectations of realization and their respective rates in force in each period, according to the technical study produced.

Provisions were recognized for other income tax and social contribution in accordance with specific applicable legislation.

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecognized deferred tax assets, is presented in Note 33.

**i) Prepaid expenses**

Prepaid expenses consist of funds already disbursed for future benefits or services, which are recognized in the profit or loss on an accrual basis.

Incurred costs relating to assets that will generate revenue in subsequent periods are recognized in the Statement of Income according to the terms and the amount of expected benefits and directly recognized in the Statement of Income when the corresponding assets or rights are no longer part of the institution's assets or when future benefits are no longer expected.

In the case of the remuneration paid for the origination of credit operations or leases to the banking correspondents related to credit operations originated during 2015 and 2016, Bradesco opted to recognize part of the total value of compensation, pursuant to the provisions of Bacen Circular Letter No. 3,738/14. As of 2017, the remuneration mentioned is fully recognized as an expense.

Prepaid expenses are shown in detail in Note 11b.

#### **j) Investments**

Investments in unconsolidated companies, where Bradesco has significant influence over the investee or holds at least 20% of the voting rights, and jointly controlled companies, are accounted for using the equity method.

Tax incentives and other investments are stated at cost, less allowance for losses/impairment, where applicable.

Subsidiaries are consolidated – the composition of the main companies are disclosed in Note 2. The composition of unconsolidated and jointly controlled companies, as well as other investments, are disclosed in Note 12.

#### **k) Premises and equipment**

Relates to the tangible assets used by the Bank in its activities, including those resulting from transactions that transfer risks, benefits and control of the assets to the Bank.

Premises and equipment are stated at acquisition cost, net of accumulated depreciation, calculated by the straight-line method based on the assets' estimated economic useful life, using the following rates: real estate – 4% per annum; installations, furniture, equipment for use, security systems and

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communications – 10% per annum; transport systems – 10% to 20% per annum; and data processing systems – 20% to 40% per annum, and adjusted for impairment, when applicable.

The breakdown of asset costs and their corresponding depreciation, as well as the unrecognized surplus value for real estate and the fixed asset ratios, is disclosed in Note 13.

**l) Intangible assets**

Relates to the right over intangible assets used by the Bank in its activities.

Intangible assets comprise:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recognized and amortized over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted for impairment, where applicable; and
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% p.a.), from the date it is available for use and adjusted for impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intent and ability to complete and use the software, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during the software's estimated useful life, considering the expected future economic benefits.

Intangible assets and the movement in these balances by class are presented in Note 14.

**m) Impairment**

Financial and non-financial assets are tested for impairment.

Objective evidence of impairment may comprise the non-payment or payment delay by the debtor, possible bankruptcy process or the significant or extended decline in an asset value.

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are presented in Note 7.

**n) Deposits and funds obtained in the open market**

These are recognized at the value of the liabilities and include, when applicable, related interest accrued at the end of the reporting period, calculated on a daily pro-rata basis.

The composition of the securities recorded in deposits and funds obtained in the open market, as well as their maturities and amounts recorded in equity and income accounts, are presented in Note 15.

**o) Technical provisions relating to insurance, pension plans and capitalization bonds**

- Damage, health and group insurance lines, except life insurance with survival coverage (VGBL):
  - The unearned premium reserve (PPNG) is calculated on a daily pro-rata basis, using premiums net of coinsurance, including amounts ceded through reinsurance, and is comprised of the portion corresponding to the remaining period of coverage less initial contracting costs (for contracts written prior to 2017), except for health and personal insurance. The portion of these reserves corresponding to the estimate for risks in effect but not yet contracted is designated 'PPNG-RVNE';
  - The unearned premium/payments reserve (PPCNG) is calculated on a daily pro-rata basis based on the portion of health insurance premiums corresponding to the remaining period of coverage, of the currently effective contracts;



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- The mathematical reserve for unvested benefits (PMBaC) whose calculation methodology considers, the difference between the current value of future benefits and the current value of future contributions, on obligations already assumed by Bradesco;
- For health insurance, the mathematical reserve of benefits granted (PMBC-GBS) is constituted by the obligations arising from the contractual clauses of remittance of installments, regarding the coverage of health assistance and by the premiums paid by insured participating in the Bradesco Saúde Insurance Plan - "GBS Plan" considering a discount rate of 4% (4.5% in 2017) per annum;
- The reserve for events incurred but not reported (PEONA) is calculated from the final estimate of claims already incurred and still not reported, based on the run-off triangles, monthly that consider the historical development of claims advised in the last 12 months for health insurance and last 18 months for dental care to establish a future projection per period of occurrence;
- For Car insurance, the reserve for 'incurred but not reported' (IBNR) claims is calculated based on incurred but not paid' (IBNP) claims less the balance of the reserve for 'unsettled' claims (PSL) on the calculation date. For the other Damage insurance, the IBNR estimate is based on the run off triangles. A final estimate of IBNP is calculated using semi-annual run-off triangles. The run-off triangles consider the historical development of claims paid in the previous 10 semesters and in last 11 quarters to extended warranty segments to determine a future projection per occurrence period, and considers the estimated claims 'incurred but not sufficient' reported (IBNER), reflecting the changing expectation of the amount provisioned along the regulatory process;
- For life insurance, the provision of 'incurred but not reported claims (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the prior 10 semesters, to establish a future projection per period of occurrence; A residual cause study is performed to forecast the claims reported after 10 semesters that the event occurred;
- The reserve for unsettled claims (PSL), for health insurance, considers all claim notifications received up to the end of the reporting period, and includes all claims in litigation and related costs, updated monetarily;



- The provision for outstanding claims (PSL) for personal insurance considers the expected amounts to be settled from all claims notices received up to the reporting date. The provision covers administrative and judicial claims and monetary restatement;
- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims existing at the reporting date, restated monetarily and with interest in case of judicial claims, net of the expected payments to be received;
- The technical surplus reserve (PET) corresponds to the difference between the expected value and the observed value for events occurred in the period for insurance of policyholders with a clause of participation in the technical surplus;
- The reserve for related expenses (PDR) for insurance of persons is recognized to cover expenses related to estimated claims and benefits for products structured in self-funding and partially regimes, the reserve covers claims incurred. For plans structured under a capitalization regime, the reserve is made to cover the expected expenses related to incurred claims and also claims expected to be incurred in the future;
- For damage insurance, the reserve for related expenses is (PDR) calculated on a monthly basis to cover the expenses related to indemnity payment, and it covers the expenses allocated individually to each claim, as well as expenses related to claims that have not been itemized, that is, those at the level of the portfolio;

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- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
- The complementary reserve for coverage (PCC) for damage insurance shall be recorded when there is an insufficiency in the technical provisions, as calculated in the Liability Adequacy Test (LAT), pursuant to the determinations specified in the regulations in force. As of the base date, there is no need to record complementary reserve for coverage;
- The complementary reserve for coverage (PCC) for life insurance, refers to the amount necessary to complement technical provisions, as calculated in the LAT. The LAT, which is prepared using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), and forward interest rate curves (ETTJ) free from risk as authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;
- The other technical provisions for damage insurance correspond to the provision for administrative expenses (PDA) arising from Personal Injury Caused by Motor Vehicles (DPVAT) insurance operations; and
- Other technical provisions are recognized for the individual health portfolio to address the differences between the expected present value of future premiums and the expected present value of indemnities and related expenses, using an annual discount rate of 4% (4.5% in 2017) per annum.
- Pension plans and life insurance with survival coverage (VGBL):
- The unearned premium reserve (PPNG) is calculated on a daily prorated basis using net contributions, and is comprised of the portion corresponding to the remaining period of coverage and includes an estimate for risks covered but not yet issued (RVNE);

- The mathematical reserve for unvested benefits (PMBaC) is recognized for participants who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the present value of future benefits and the present value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;
- The mathematical reserve for unvested benefits (PMBaC) related to pension plans and life insurance with survival coverage, as well as the defined contribution plans, shows the value of participant contributions, net of costs and other contractual charges, plus income from investment in specially constituted investment funds (FIEs);
- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
- The mathematical reserve for vested benefits (PMBC) is recognized for participants already receiving benefits and corresponds to the present value of future obligations related to the payment of those on-going benefits;
- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical provisions, as calculated in the LAT. The LAT, which is prepared semi-annually using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, improvement and forward interest rate curves (ETTJ) free from risk as authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;

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***Notes to the Consolidated Financial Statements***

- The reserve for related expenses (PDR) is recognized to cover expenses related to estimated claims and benefits, for products structured in self-funding and partially regimes. For plans structured under a capitalization regime, the reserve is made to cover the expected expenses related to incurred claims and also claims expected to be incurred in the future. The projections are performed through the liability adequacy test (TAP);
  - The reserve for financial surplus (PEF) corresponds to the financial income exceeding the minimum assured profitability, transferred to contracts with a financial surplus participation clause;
  - The provision for claims incurred but not reported (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the last 16 semesters for the creation of a new future projection by period of occurrence. As to acquired portfolios, a history of 10 semesters is used;
  - The reserve for unsettled claims (PSL) considers the expected values to be settled from all loss notices received up to the end of the reporting period. The provision covers administrative and judicial claims and is adjusted for inflation; and
  - The financial charges credited to technical provisions, and the recording and/or reversal of the financial surplus, are classified as financial expenses, and are presented under "Financial income from insurance, pension plans and capitalization bonds".
- Capitalization bonds:
    - The mathematical reserve for capitalization bond (PMC) is recognized for each active or suspended capitalization bond over the term set forth in the general conditions of the plan, and is calculated using the capitalization percentage, applicable to each of the payments made, plus the monthly accrual calculated using the inflation index and the interest rate established in the plan until the bond is redeemed or canceled;

- The reserve for redemption (PR) comprises the values of matured and early-terminated capitalization bonds and is calculated by updating the balance of bonds whose terms have expired or canceled using the inflation index until the holder receives the redemption payment;
- Reserve for 'draws to be held' (PSR) is recognized to cover premiums for future prize draws, and the balance represents the present value of the draws that have already been funded but have not yet been held. The calculation methodology consists of the accumulation of the prize draw percentage applicable to each payment, as established in the plan, less the amounts related to prize draws that have already occurred. The percentages of payments designated for the prize draws is defined in advance in the actuarial technical note, and is not modified during the term of the bond;
- Reserve for draws payable (PSP) consists of the value of unpaid prize draw amounts, adjusted for inflation for the period between the date of the drawing and its effective settlement; and
- Reserve for administrative expense (PDA) is recognized to cover the cost for maintaining capitalization bonds.

Technical provisions shown by account, product and segment, as well as amounts and details of plan assets covering these technical provisions, are shown in Note 20.

**p) Provisions, contingent assets and liabilities and legal obligations – tax and social security**

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved

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by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09 and according to Circular Letter No. 3,429/10, which are:

- **Contingent Assets:** these are not recognized in the financial statements, except to the extent that there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, and it is considered virtually certain that cash inflows will flow to Bradesco. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recognized taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever an the Organization has a present obligation (legal or constructive) as a result of a past even, it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably measured;
- **Contingent Liabilities:** according to CPC 25, the term "contingent" is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management's control. Contingent liabilities do not meet the criteria for recognition because they are considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recognized as a provision nor disclosed; and
- **Legal Obligations: Provision for Tax Risks:** results from judicial proceedings in which Bradesco is contesting the applicability of tax laws on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully provided for in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recognized, by type, are presented in Note 17.

**q) Funding expenses**

Expenses related to funding transactions involving the issuance of securities reduce the corresponding liability and are recognized in the profit or loss over the term of the transaction, according to Notes 15c and 18.

**r) Other assets and liabilities**

Assets are stated at their realizable amounts, including, when applicable, related income and inflation and exchange variations (on a daily prorated basis), less provision for losses, when deemed appropriate. Liabilities are stated at known or measurable amounts, including related charges and inflation and exchange variations (on a daily prorated basis).

**s) Subsequent events**

These refer to events occurring between the reporting date and the date the financial statements are authorized to be issued.

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period; and
- Events not resulting in adjustments: events relating to conditions not existing at the end of the reporting period.

Subsequent events, if any, are described in Note 34.

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**Notes to the Consolidated Financial Statements****4) MANAGERIAL STATEMENTS OF FINANCIAL POSITION AND STATEMENT OF INCOME BY OPERATING SEGMENT****a) Reconciliation of the Statement of Financial Position and Statement of Income – Accounting vs. Managerial**

Management uses a variety of information, including those from financial statements, prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank, prepared by consolidation criteria that differ in part from the criteria of CPC 36, as described in Note 2.

The main differences of consolidation criteria are shown below, through the Reconciliation of the Statements of financial position and the Statements of Income – Accountings. Managerial:

|   | 2018                                       |                                  |                                  | 2017                                       |  |                                  |         |
|---|--|----------------------------------|----------------------------------|--|--|----------------------------------|---------|
|   | Accounting Statement of Financial Position | Proportionately consolidated (1) | Adjustments of Consolidation (2) | Managerial Statement of Financial Position | Accounting Statement of Financial Position | Proportionately consolidated (1) | Adj Con |
| <b>Assets</b>                                   |  |                                  |                                  |  |  |                                  |         |
| <b>Current and long-term assets</b>             | <b>1,210,274,356</b>                       | <b>9,105,475</b>                 | <b>58,499,213</b>                | <b>1,277,879,044</b>                       | <b>1,159,698,103</b>                       | <b>22,736,396</b>                |         |
| Cash and due from banks                         | 15,305,794                                 | 208,481                          | (89,017)                         | 15,425,258                                 | 13,377,562                                 | 147,217                          |         |
| Interbank investments                           | 108,674,003                                | (49,533)                         | (9,804)                          | 108,614,666                                | 177,583,096                                | 486,640                          |         |
| Securities and derivative financial instruments | 534,314,942                                | 5,124,465                        | 58,688,496                       | 598,127,903                                | 455,340,387                                | 4,568,655                        |         |
| Interbank and interdepartmental accounts        | 72,886,101                                 | -                                | -                                | 72,886,101                                 | 69,746,412                                 | -                                |         |
| Loans and leases                                | 340,222,795                                | 494,297                          | -                                | 340,717,092                                | 333,795,918                                | 449,941                          |         |
|   | (35,152,645)                               | (86,981)                         | -                                | (35,239,626)                               | (37,452,497)                               | (83,296)                         |         |



|                                       |                      |                  |                   |                      |                      |                   |
|---------------------------------------|----------------------|------------------|-------------------|----------------------|----------------------|-------------------|
| Allowance for<br>Loan Losses<br>(ALL) |                      |                  |                   |                      |                      |                   |
| Other receivables<br>and assets       | 174,023,366          | 3,414,746        | (90,462)          | 177,347,650          | 147,307,225          | 17,167,239        |
| <b>Permanent<br/>Assets</b>           | <b>29,144,410</b>    | <b>(814,682)</b> | <b>-</b>          | <b>28,329,728</b>    | <b>29,426,029</b>    | <b>(240,049)</b>  |
| Investments                           | 8,145,364            | (6,023,055)      | -                 | 2,122,309            | 7,417,684            | (5,638,434)       |
| Premises and<br>equipment             | 7,592,568            | 195,099          | -                 | 7,787,667            | 7,358,869            | 214,178           |
| Intangible assets                     | 13,406,478           | 5,013,274        | -                 | 18,419,752           | 14,649,476           | 5,184,207         |
| <b>Total</b>                          | <b>1,239,418,766</b> | <b>8,290,793</b> | <b>58,499,213</b> | <b>1,306,208,772</b> | <b>1,189,124,132</b> | <b>22,496,347</b> |

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**Notes to the Consolidated Financial Statements**

|  | 2018  |  |   | 2017  |   |  |
|--|---|--|---|---|---|--|
|  | Accounting<br>Statement of<br>Financial<br>Position | Proportionately<br>consolidated<br>(1) | Adjustments<br>of<br>Consolidation<br>(2) | Managerial<br>Statement of<br>Financial<br>Position | Accounting<br>Statement of<br>Financial<br>Position | Proportionately<br>consolidated<br>(1) |
| <b>Liabilities</b>   |   |  |   |   |   |  |
| <b>Current and long-term liabilities</b>                                   | <b>1,125,390,739</b>                                | <b>7,191,416</b>                       | <b>58,499,213</b>                         | <b>1,191,081,368</b>                                | <b>1,081,415,037</b>                                | <b>21,398,319</b>                      |
| Deposits   | 299,144,256   | (208,173)                              | 668,175                                   | 299,604,258   | 260,198,612   | (78,743)                               |
| Securities sold under agreements to repurchase                             | 202,661,420   | (785)                                  | 60,648,939                                | 263,309,574   | 236,544,384   | -                                      |
| Funds from Issuance of Securities  | 153,302,710   | -                                      | -   | 153,302,710   | 129,006,533   | -                                      |
| Interbank and interdepartmental accounts                                   | 22,886,392  | 307,532                                | -   | 23,193,924  | 22,438,676  | -                                      |
| Borrowing and on-lending   | 51,367,649  | 1,983,675                              | (190,994)                                 | 53,160,330  | 56,546,981  | -                                      |
| Derivative financial instruments   | 16,603,583  | -                                      | (788,770)                                 | 15,814,813  | 14,255,651  | -                                      |
| Technical provisions for insurance, pension plans and capitalization bonds | 252,071,138   | -                                      | -   | 252,071,138   | 233,640,466   | -                                      |
| Other liabilities  | 127,353,591   | 5,109,167                              | (1,838,137)                               | 130,624,621   | 128,783,734   | 21,477,062                             |
| <b>Deferred income</b>   | <b>388,058</b>                                      | <b>-</b>                               | <b>-</b>                                  | <b>388,058</b>                                      | <b>428,713</b>                                      | <b>-</b>                               |
| <b>Non-controlling interests in subsidiaries</b>                           | <b>601,246</b>                                      | <b>1,099,377</b>                       | <b>-</b>                                  | <b>1,700,623</b>                                    | <b>472,869</b>                                      | <b>1,098,028</b>                       |
| <b>Shareholders' equity</b>  | <b>113,038,723</b>                                  | <b>-</b>                               | <b>-</b>                                  | <b>113,038,723</b>                                  | <b>106,807,513</b>                                  | <b>-</b>                               |
| <b>Total</b>   | <b>1,239,418,766</b>                                | <b>8,290,793</b>                       | <b>58,499,213</b>                         | <b>1,306,208,772</b>                                | <b>1,189,124,132</b>                                | <b>22,496,347</b>                      |

In the six month period ended June

2018

2017

|   | Accounting Statement of Income | Proportionately consolidated (1) | Adjustments of Consolidation (2) | Managerial Statement of Income | Accounting Statement of Income | Proportionately consolidated (1) | Adjustments of Consolidation (2) |
|---|--------------------------------|----------------------------------|----------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Revenue from financial intermediation                                     | 58,445,205                     | 600,016                          | 445,882                          | 59,491,103                     | 77,791,497                     | 610,066                          | 3,172,000                        |
| Expenses from financial intermediation                                    | (30,766,239)                   | (59,811)                         | (1,813,190)                      | (32,639,240)                   | (42,851,479)                   | -                                | (4,506,200)                      |
| <b>Financial margin</b>   | <b>27,678,966</b>              | <b>540,205</b>                   | <b>(1,367,308)</b>               | <b>26,851,863</b>              | <b>34,940,018</b>              | <b>610,066</b>                   | <b>(1,334,000)</b>               |
| Allowance for loan losses   | (8,928,778)                    | (39,414)                         | -                                | (8,968,192)                    | (14,790,527)                   | (51,371)                         | -                                |
| <b>Gross income from financial intermediation</b>                         | <b>18,750,188</b>              | <b>500,791</b>                   | <b>(1,367,308)</b>               | <b>17,883,671</b>              | <b>20,149,491</b>              | <b>558,695</b>                   | <b>(1,334,000)</b>               |
| Income from insurance, pension plans and capitalization bonds             | 3,720,042                      | -                                | -                                | 3,720,042                      | 3,406,712                      | -                                | -                                |
| Fee and commission income   | 12,364,841                     | 2,257,002                        | 1,283,879                        | 15,905,722                     | 11,656,282                     | 2,167,792                        | 1,120,000                        |
| Personnel expenses  | (9,341,018)                    | (415,112)                        | -                                | (9,756,130)                    | (9,420,409)                    | (369,077)                        | -                                |
| Other administrative expenses   | (9,386,114)                    | (457,238)                        | 39,162                           | (9,804,190)                    | (9,339,827)                    | (685,282)                        | 279,000                          |
| Tax expenses  | (2,418,528)                    | (298,582)                        | -                                | (2,717,110)                    | (2,916,684)                    | (239,113)                        | -                                |
| Share of profit (loss) of unconsolidated and jointly controlled companies | 775,789                        | (700,563)                        | -                                | 75,226                         | 694,456                        | (574,876)                        | -                                |
| Other operating income / expenses   | (5,445,740)                    | (512,386)                        | 44,267                           | (5,913,859)                    | (3,289,733)                    | (310,124)                        | (66,000)                         |
| <b>Operating income</b>   | <b>9,019,460</b>               | <b>373,912</b>                   | <b>-</b>                         | <b>9,393,372</b>               | <b>10,940,288</b>              | <b>548,015</b>                   | <b>-</b>                         |
| Non-operating income  | (328,546)                      | (7,559)                          | -                                | (336,105)                      | (292,461)                      | (916)                            | -                                |
| IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests            | 303,594                        | (366,353)                        | -                                | (62,759)                       | (2,665,657)                    | (547,099)                        | -                                |
| <b>Net income</b>   | <b>8,994,508</b>               | <b>-</b>                         | <b>-</b>                         | <b>8,994,508</b>               | <b>7,982,170</b>               | <b>-</b>                         | <b>-</b>                         |

- (1) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Alelo, Crediare, etc.); and
- (2) Refers primarily to the effects of the consolidation adjustments arising from the "non-consolidation" of the exclusive funds.

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**Notes to the Consolidated Financial Statements****b) Statement of financial position and statements of income by segment – Managerial**

In accordance with CPC 22, the managerial information, hereinafter, was prepared based on reports available to the Management to evaluate the performance and make decisions regarding the allocation of resources for investments and other purposes.

|   |  | Financial (1) (2)    |                    | Insurance Group (2)<br>(3) |               | Other<br>Activities<br>(2) | On June 30 - R\$ thousand<br>Eliminations<br>(4) | Managerial<br>Accounting<br>Statement of<br>Financial<br>Position |
|---|--|----------------------|--------------------|----------------------------|---------------|----------------------------|--|---|
|   |  | Brazil               | Overseas           | Brazil                     | Overseas      |                            |  |   |
| <b>Assets</b>                                   |  |                      |                    |                            |               |                            |  |   |
| <b>Current and</b>                              |  |                      |                    |                            |               |                            |  |   |
| <b>long-term assets</b>                         |  | <b>930,783,988</b>   | <b>121,910,645</b> | <b>289,815,866</b>         | <b>18,176</b> | <b>5,020,529</b>           | <b>(69,670,160)</b>                              | <b>1,277,879,044</b>  |
| Cash and due from banks                         |  | 11,459,471           | 3,954,027          | 259,756                    | 6,721         | 170,613                    | (425,330)  | 15,425,258  |
| Interbank investments                           |  | 106,145,155          | 2,469,511          | -                          | -             | -                          | -  | 108,614,666   |
| Securities and derivative financial instruments |  | 303,173,547          | 17,464,160         | 278,225,331                | 1,876         | 4,033,419                  | (4,770,430)                                      | 598,127,903   |
| Interbank and interdepartmental accounts        |  | 72,886,101           | -                  | -                          | -             | -                          | -  | 72,886,101  |
| Loans and leases                                |  | 303,723,924          | 98,380,157         | -                          | -             | -                          | (61,386,989)                                     | 340,717,092   |
| Allowance for Loan Losses (ALL)                 |  | (33,133,203)         | (2,106,423)        | -                          | -             | -                          | -  | (35,239,626)  |
| Other receivables and assets                    |  | 166,528,993          | 1,749,213          | 11,330,779                 | 9,579         | 816,497                    | (3,087,411)                                      | 177,347,650   |
| <b>Permanent assets</b>                         |  | <b>117,449,500</b>   | <b>35,938</b>      | <b>6,367,663</b>           | <b>2,386</b>  | <b>849,695</b>             | <b>(96,375,454)</b>                              | <b>28,329,728</b>   |
| Investments                                     |  | 96,137,059           | -                  | 2,303,463                  | -             | 57,241                     | (96,375,454)                                     | 2,122,309   |
| Premises and equipment                          |  | 5,364,407            | 22,991             | 2,370,880                  | 426           | 28,963                     | -  | 7,787,667   |
| Intangible assets                               |  | 15,948,034           | 12,947             | 1,693,320                  | 1,960         | 763,491                    | -  | 18,419,752  |
| <b>Total in 2018</b>                            |  | <b>1,048,233,488</b> | <b>121,946,583</b> | <b>296,183,529</b>         | <b>20,562</b> | <b>5,870,224</b>           | <b>(166,045,614)</b>                             | <b>1,306,208,772</b>  |
| <b>Total in 2017</b>                            |  | <b>1,052,051,608</b> | <b>101,471,852</b> | <b>280,464,893</b>         | <b>16,712</b> | <b>4,723,773</b>           | <b>(147,545,208)</b>                             | <b>1,291,183,630</b>  |

**Liabilities****Current and long-term liabilities**

|  |                      |                    |                    |               |                  |                      |                      |
|--|----------------------|--------------------|--------------------|---------------|------------------|----------------------|----------------------|
|  | <b>933,224,812</b>   | <b>64,143,787</b>  | <b>262,203,898</b> | <b>10,018</b> | <b>1,169,013</b> | <b>(69,670,160)</b>  | <b>1,191,081,368</b> |
| Deposits   | 280,947,305          | 19,238,309         | -                  | -             | -                | (581,356)            | 299,604,258          |
| Securities sold under agreements to repurchase                             | 253,260,169          | 10,049,405         | -                  | -             | -                | -                    | 263,309,574          |
| Funds from issuance of securities  | 154,526,437          | 3,402,606          | -                  | -             | -                | (4,626,333)          | 153,302,710          |
| Interbank and interdepartmental accounts                                   | 23,193,924           | -                  | -                  | -             | -                | -                    | 23,193,924           |
| Borrowing and on-lending   | 98,667,918           | 15,879,401         | -                  | -             | -                | (61,386,989)         | 53,160,330           |
| Derivative financial instruments   | 15,254,735           | 560,078            | -                  | -             | -                | -                    | 15,814,813           |
| Technical provisions for insurance, pension plans and capitalization bonds | -                    | -                  | 252,064,674        | 6,464         | -                | -                    | 252,071,138          |
| Other liabilities  | 107,374,324          | 15,013,988         | 10,139,224         | 3,554         | 1,169,013        | (3,075,482)          | 130,624,621          |
| <b>Deferred income</b>   | <b>365,912</b>       | <b>-</b>           | <b>22,146</b>      | <b>-</b>      | <b>-</b>         | <b>-</b>             | <b>388,058</b>       |
| <b>Non-controlling interests in subsidiaries</b>                           | <b>1,604,041</b>     | <b>57,802,796</b>  | <b>33,957,485</b>  | <b>10,544</b> | <b>4,701,211</b> | <b>(96,375,454)</b>  | <b>1,700,623</b>     |
| <b>Shareholders' equity</b>  | <b>113,038,723</b>   | <b>-</b>           | <b>-</b>           | <b>-</b>      | <b>-</b>         | <b>-</b>             | <b>113,038,723</b>   |
| <b>Total in 2018</b>   | <b>1,048,233,488</b> | <b>121,946,583</b> | <b>296,183,529</b> | <b>20,562</b> | <b>5,870,224</b> | <b>(166,045,614)</b> | <b>1,306,208,772</b> |
| <b>Total in 2017</b>   | <b>1,052,051,608</b> | <b>101,471,852</b> | <b>280,464,893</b> | <b>16,712</b> | <b>4,723,773</b> | <b>(147,545,208)</b> | <b>1,291,183,630</b> |

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## Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Notes to the Consolidated Financial Statements**

| In the six month period ended June 30 - R\$ thousand                      |                          |                  |                                |                 |                             |                         |                                       |
|---|--------------------------|------------------|--------------------------------|-----------------|-----------------------------|-------------------------|---------------------------------------|
|   | <b>Financial (1) (2)</b> |                  | <b>Insurance Group (2) (3)</b> |                 | <b>Other Activities (2)</b> | <b>Eliminations (4)</b> | <b>Managerial Statement of Income</b> |
|   | <b>Brazil</b>            | <b>Overseas</b>  | <b>Brazil</b>                  | <b>Overseas</b> |                             |                         |                                       |
| Revenue from financial intermediation                                     | 49,716,675               | 2,173,195        | 8,264,626                      | 1,078           | 127,021                     | (791,492)               | 59,491,103                            |
| Expenses from financial intermediation                                    | (26,818,563)             | (909,553)        | (5,702,616)                    | -               | -                           | 791,492                 | (32,639,240)                          |
| <b>Financial margin</b>   | <b>22,898,112</b>        | <b>1,263,642</b> | <b>2,562,010</b>               | <b>1,078</b>    | <b>127,021</b>              | <b>-</b>                | <b>26,851,863</b>                     |
| Allowance for loan losses   | (8,333,141)              | (635,051)        | -                              | -               | -                           | -                       | (8,968,192)                           |
| <b>Gross income from financial intermediation</b>                         | <b>14,564,971</b>        | <b>628,591</b>   | <b>2,562,010</b>               | <b>1,078</b>    | <b>127,021</b>              | <b>-</b>                | <b>17,883,671</b>                     |
| Income from insurance, pension plans and capitalization bonds             | -                        | -                | 3,695,047                      | 3,475           | -                           | 21,520                  | 3,720,042                             |
| Fee and commission income   | 14,562,813               | 194,605          | 1,086,475                      | -               | 180,943                     | (119,114)               | 15,905,722                            |
| Personnel expenses  | (8,785,730)              | (106,396)        | (745,722)                      | (2,383)         | (115,899)                   | -                       | (9,756,130)                           |
| Other administrative expenses   | (9,158,242)              | (120,748)        | (740,955)                      | (2,047)         | (97,884)                    | 315,686                 | (9,804,190)                           |
| Tax expenses  | (2,216,701)              | (13,277)         | (451,281)                      | (65)            | (35,786)                    | -                       | (2,717,110)                           |
| Share of profit (loss) of unconsolidated and jointly controlled companies | 4,621                    | -                | 73,651                         | -               | (3,046)                     | -                       | 75,226                                |
| Other operating income / expenses   | (5,896,057)              | (13,871)         | 125,553                        | (560)           | 89,158                      | (218,082)               | (5,913,859)                           |
| <b>Operating income</b>   | <b>3,075,675</b>         | <b>568,904</b>   | <b>5,604,778</b>               | <b>(502)</b>    | <b>144,507</b>              | <b>10</b>               | <b>9,393,372</b>                      |
| Non-operating income  | (329,787)                | 8,010            | (15,307)                       | -               | 989                         | (10)                    | (336,105)                             |
| IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests            | 2,717,065                | (308,168)        | (2,443,745)                    | 275             | (28,186)                    | -                       | (62,759)                              |
| <b>Net Income in 2018</b>   | <b>5,462,953</b>         | <b>268,746</b>   | <b>3,145,726</b>               | <b>(227)</b>    | <b>117,310</b>              | <b>-</b>                | <b>8,994,508</b>                      |
| <b>Net Income in 2017</b>   | <b>4,556,819</b>         | <b>644,254</b>   | <b>2,644,444</b>               | <b>(727)</b>    | <b>137,380</b>              | <b>-</b>                | <b>7,982,170</b>                      |

(1) The financial segment is comprised of financial institutions, holding companies which are mainly responsible for managing financial resources, and credit card, consortium and asset management companies;

(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;

(3) The Insurance Group segment comprises insurance, pension plan and capitalization bond companies;

and

(4) Refers to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and overseas.

## 5) CASH AND CASH EQUIVALENTS

|  | On June 30 - R\$ thousand |                    |
|--|---------------------------|--------------------|
|  | <b>2018</b>               | <b>2017</b>        |
| Cash and due from banks in domestic currency | 10,287,223                | 9,533,548          |
| Cash and due from banks in foreign currency  | 5,018,355                 | 3,843,821          |
| Investments in gold                          | 216                       | 193                |
| <b>Total cash and due from banks</b>         | <b>15,305,794</b>         | <b>13,377,562</b>  |
| Interbank investments (1)                    | 91,458,843                | 168,513,389        |
| <b>Total cash and cash equivalents</b>       | <b>106,764,637</b>        | <b>181,890,951</b> |

(1) It refers to operations that mature in 90 days or less from the date they were effectively invested and with insignificant risk of change in fair value.

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**Notes to the Consolidated Financial Statements****6) INTERBANK INVESTMENTS****a) Breakdown and maturity**

|   | On June 30 - R\$ thousand |                   |                       |                          |                    |                    |
|---|---------------------------|-------------------|-----------------------|--------------------------|--------------------|--------------------|
|   | 1 to 30<br>days           | 31 to 180<br>days | 181 to<br>360<br>days | More<br>than 360<br>days | 2018               | 2017               |
| <b>Securities purchased under agreements to resell:</b> |                           |                   |                       |                          |                    |                    |
| <b>Own portfolio position</b>                           | <b>22,818,158</b>         | <b>2,944,842</b>  | -                     | -                        | <b>25,763,000</b>  | <b>44,498,179</b>  |
| National treasury notes                                 | 21,598,132                | -                 | -                     | -                        | 21,598,132         | 22,184,260         |
| Financial treasury bills                                | 144,859                   | -                 | -                     | -                        | 144,859            | 16,267,460         |
| National treasury bills                                 | 933,778                   | 2,944,842         | -                     | -                        | 3,878,620          | 5,716,233          |
| Debentures  | -                         | -                 | -                     | -                        | -                  | 287,133            |
| Other   | 141,389                   | -                 | -                     | -                        | 141,389            | 43,093             |
| <b>Funded position</b>                                  | <b>38,749,590</b>         | <b>29,138,181</b> | <b>1,451,663</b>      | -                        | <b>69,339,434</b>  | <b>124,523,053</b> |
| National treasury notes                                 | 38,148,882                | 28,349,086        | 1,129,944             | -                        | 67,627,912         | 46,377,283         |
| Financial treasury bills                                | 600,708                   | -                 | -                     | -                        | 600,708            | 48,863,413         |
| National treasury bills                                 | -                         | 789,095           | 321,719               | -                        | 1,110,814          | 29,282,357         |
| <b>Unrestricted position</b>                            | <b>820,683</b>            | <b>2,400,782</b>  | <b>674,912</b>        | -                        | <b>3,896,377</b>   | <b>2,278,404</b>   |
| National treasury bills                                 | 820,683                   | 2,400,782         | 674,912               | -                        | 3,896,377          | 2,278,404          |
| <b>Subtotal</b>   | <b>62,388,431</b>         | <b>34,483,805</b> | <b>2,126,575</b>      | -                        | <b>98,998,811</b>  | <b>171,299,636</b> |
| <b>Interest-earning deposits in other banks:</b>        |                           |                   |                       |                          |                    |                    |
| Interest-earning deposits in other banks:               | 4,504,786                 | 2,703,375         | 1,283,169             | 1,194,364                | 9,685,694          | 6,296,291          |
| Provision for losses                                    | (2,046)                   | (1,047)           | (7,409)               | -                        | (10,502)           | (12,831)           |
| <b>Subtotal</b>   | <b>4,502,740</b>          | <b>2,702,328</b>  | <b>1,275,760</b>      | <b>1,194,364</b>         | <b>9,675,192</b>   | <b>6,283,460</b>   |
| <b>Total in 2018</b>                                    | <b>66,891,171</b>         | <b>37,186,133</b> | <b>3,402,335</b>      | <b>1,194,364</b>         | <b>108,674,003</b> |                    |
| <b>%</b>  | <b>61.6</b>               | <b>34.2</b>       | <b>3.1</b>            | <b>1.1</b>               | <b>100.0</b>       |                    |
| <b>Total in 2017</b>                                    | <b>171,985,160</b>        | <b>3,530,842</b>  | <b>938,817</b>        | <b>1,128,277</b>         |                    | <b>177,583,096</b> |
| <b>%</b>  | <b>96.9</b>               | <b>2.0</b>        | <b>0.5</b>            | <b>0.6</b>               |                    | <b>100.0</b>       |

**b) Income from interbank investments**

Classified in the statement of income as income from operations with securities.

|  | Accrued on June 30 - R\$<br>thousand |                   |
|--|--------------------------------------|-------------------|
|  | 2018                                 | 2017              |
| <b>Income from investments in purchase and sale commitments:</b> |                                      |                   |
| • Own portfolio position   | 578,507                              | 265,245           |
| • Funded position  | 3,328,068                            | 9,476,507         |
| • Unrestricted position  | 1,099,201                            | 358,857           |
| <b>Subtotal</b>  | <b>5,005,776</b>                     | <b>10,100,609</b> |
| <b>Income from interest-earning deposits in other banks</b>      | <b>257,707</b>                       | <b>239,555</b>    |
| <b>Total (Note 7g)</b>   | <b>5,263,483</b>                     | <b>10,340,164</b> |

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*otes to the Consolidated Financial Statements*

**7) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

**a) Summary of the consolidated classification of securities by operating segment and issuer**

| On June 30 - R\$ thousand                  |                    |  |                                     |                     |                    |              |                    |              |
|--|--------------------|--|-------------------------------------|---------------------|--------------------|--------------|--------------------|--------------|
|  | Financial          | Insurance and<br>Capitalization<br>bonds | Insurance Group<br>Pension<br>plans | Other<br>Activities | 2018               | %            | 2017               | %            |
| <b>Trading securities</b>                  | <b>45,636,244</b>  | <b>14,651,240</b>                        | <b>179,854,599</b>                  | <b>76,160</b>       | <b>240,218,243</b> | <b>45.0</b>  | <b>227,664,245</b> | <b>49.9</b>  |
| - Government securities                    | 24,305,807         | 11,311,319                               | 163,970,000                         | 17,068              | 199,604,194        | 37.4         | 185,308,666        | 40.6         |
| - Corporate securities                     | 7,384,324          | 3,319,384                                | 13,653,549                          | 59,092              | 24,416,349         | 4.6          | 27,305,269         | 6.0          |
| - Derivative financial instruments (1) (5) | 13,946,113         | 20,537                                   | 2,231,050                           | -                   | 16,197,700         | 3.0          | 15,050,310         | 3.3          |
| <b>Available-for-sale securities (2)</b>   | <b>199,625,490</b> | <b>21,922,093</b>                        | <b>16,289,041</b>                   | <b>21,181</b>       | <b>237,857,805</b> | <b>44.5</b>  | <b>185,410,003</b> | <b>40.8</b>  |
| - Government securities                    | 133,480,573        | 20,145,077                               | 15,169,282                          | 15,876              | 168,810,808        | 31.6         | 122,960,230        | 27.0         |
| - Corporate securities                     | 66,144,917         | 1,777,016                                | 1,119,759                           | 5,305               | 69,046,997         | 12.9         | 62,449,773         | 13.8         |
| <b>Held-to-maturity securities (2)</b>     | <b>28,472,656</b>  | <b>5,296,593</b>                         | <b>22,469,645</b>                   | <b>-</b>            | <b>56,238,894</b>  | <b>10.5</b>  | <b>42,266,139</b>  | <b>9.3</b>   |
| - Government securities                    | 17,034,546         | 5,296,593                                | 22,469,645                          | -                   | 44,800,784         | 8.4          | 30,032,936         | 6.6          |
| - Corporate securities                     | 11,438,110         | -  | -                                   | -                   | 11,438,110         | 2.1          | 12,233,203         | 2.7          |
| <b>Total</b>                               | <b>273,734,390</b> | <b>41,869,926</b>                        | <b>218,613,285</b>                  | <b>97,341</b>       | <b>534,314,942</b> | <b>100.0</b> | <b>455,340,387</b> | <b>100.0</b> |
| - Government securities                    | 174,820,926        | 36,752,989                               | 201,608,927                         | 32,944              | 413,215,786        | 77.3         | 338,301,832        | 74.2         |
| - Corporate securities                     | 98,913,464         | 5,116,937                                | 17,004,358                          | 64,397              | 121,099,156        | 22.7         | 117,038,555        | 25.8         |
| <b>Total</b>                               | <b>273,734,390</b> | <b>41,869,926</b>                        | <b>218,613,285</b>                  | <b>97,341</b>       | <b>534,314,942</b> | <b>100.0</b> | <b>455,340,387</b> | <b>100.0</b> |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****b) Consolidated classification by category, maturity and operating segment****l) Trading securities**

| Securities   | On June 30 - R    |                  |                  |                    |                         |                    |                       |                           |
|--|-------------------|------------------|------------------|--------------------|-------------------------|--------------------|-----------------------|---------------------------|
|  | 2018              |                  |                  |                    | 2017                    |                    |                       |                           |
|  | 1 to 30 days      | 31 to 180 days   | 181 to 360 days  | More than 360 days | Fair/book value (3) (4) | Amortized cost     | Fair Value Adjustment | Fair/book value (3) (4) A |
| <b>- Financial</b>                                     | <b>14,790,667</b> | <b>2,130,717</b> | <b>2,378,433</b> | <b>26,336,427</b>  | <b>45,636,244</b>       | <b>49,118,649</b>  | <b>(3,482,405)</b>    | <b>54,487,377</b>         |
| Financial treasury bills                               | -                 | 531,559          | 243,191          | 14,008,116         | 14,782,866              | 14,782,561         | 305                   | 14,837,680                |
| National treasury notes                                | -                 | 169,040          | 531,193          | 7,071,879          | 7,772,112               | 7,820,116          | (48,004)              | 6,820,658                 |
| Financial bills  | -                 | 147,633          | 256,701          | 411,683            | 816,017                 | 815,293            | 724                   | 2,697,830                 |
| Debentures   | 46,929            | 85,305           | -                | 1,270,583          | 1,402,817               | 1,459,994          | (57,177)              | 1,841,502                 |
| National treasury bills                                | 26,083            | 226,755          | 181,279          | 663,956            | 1,098,073               | 1,096,352          | 1,721                 | 7,984,868                 |
| Given in guarantee to the Brazilian foreign debt notes | 8,042             | -                | -                | 163,880            | 171,922                 | 183,141            | (11,219)              | 7,937                     |
| Derivative financial instruments (1) (5)               | 12,015,349        | 489,127          | 502,063          | 939,573            | 13,946,112              | 17,267,221         | (3,321,109)           | 15,025,530                |
| Other  | 2,694,264         | 481,298          | 664,006          | 1,806,757          | 5,646,325               | 5,693,971          | (47,646)              | 5,271,372                 |
| <b>- Insurance companies and capitalization bonds</b>  | <b>3,149,703</b>  | <b>322,613</b>   | <b>326,978</b>   | <b>10,851,946</b>  | <b>14,651,240</b>       | <b>14,651,240</b>  | <b>-</b>              | <b>15,067,370</b>         |
| Financial treasury bills                               | 11,011            | 291,604          | 18,860           | 9,559,036          | 9,880,511               | 9,880,511          | -                     | 10,015,295                |
| Financial bills  | -                 | -                | 14,628           | 68,897             | 83,525                  | 83,525             | -                     | 327,241                   |
| Other  | 3,138,692         | 31,009           | 293,490          | 1,224,013          | 4,687,204               | 4,687,204          | -                     | 4,724,834                 |
| <b>- Pension plans</b>                                 | <b>7,004,693</b>  | <b>3,316,560</b> | <b>1,279,586</b> | <b>168,253,760</b> | <b>179,854,599</b>      | <b>179,854,599</b> | <b>-</b>              | <b>158,088,916</b>        |
| Financial treasury bills                               | 20,957            | 1,850,122        | 542,828          | 55,819,953         | 58,233,860              | 58,233,860         | -                     | 46,370,627                |

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|   |                   |                     |                  |                    |                    |                     |                     |                     |
|---|-------------------|---------------------|------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| National treasury notes                               | -                 | 256,600             | 174,911          | 22,709,679         | 23,141,190         | 23,141,190          | -                   | 57,172,845          |
| National treasury bills                               | 375               | 35,891              | 6,245            | 82,552,437         | 82,594,948         | 82,594,948          | -                   | 40,152,337          |
| Financial bills                                       | -                 | 589,938             | 272,640          | 3,828,446          | 4,691,024          | 4,691,024           | -                   | 8,480,728           |
| Debentures  | 15,136            | 334,556             | 179,002          | 3,129,939          | 3,658,633          | 3,658,633           | -                   | 3,354,446           |
| Other   | 6,968,225         | 249,453             | 103,960          | 213,306            | 7,534,944          | 7,534,944           | -                   | 2,557,933           |
| <b>- Other activities</b>                             | <b>59,093</b>     | <b>1,446</b>        | <b>3,745</b>     | <b>11,876</b>      | <b>76,160</b>      | <b>76,162</b>       | <b>(2)</b>          | <b>20,582</b>       |
| Financial treasury bills                              | -                 | 1,446               | 3,745            | 11,876             | 17,067             | 17,069              | (2)                 | 20,582              |
| Other   | 59,093            | -                   | -                | -                  | 59,093             | 59,093              | -                   | -                   |
| <b>Total</b>  | <b>25,004,156</b> | <b>5,771,336</b>    | <b>3,988,742</b> | <b>205,454,009</b> | <b>240,218,243</b> | <b>243,700,650</b>  | <b>(3,482,407)</b>  | <b>227,664,245</b>  |
| <b>Derivative financial instruments (liabilities)</b> | <b>(5)</b>        | <b>(14,949,538)</b> | <b>(597,299)</b> | <b>(413,754)</b>   | <b>(642,992)</b>   | <b>(16,603,583)</b> | <b>(13,305,253)</b> | <b>(3,298,330)</b>  |
|   |                   |                     |                  |                    |                    |                     |                     | <b>(14,255,651)</b> |

Economic and Financial Analysis Report – June 2018

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Notes to the Consolidated Financial Statements****II) Available-for-sale securities**

| Securities (2)<br>(6)  | 2018              |                   |                    |                          | Fair/book          |                    | Amortized<br>cost  | Fair Value<br>Adjustment | Fair/book<br>value (3) (4) |
|------------------------|-------------------|-------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|--------------------------|----------------------------|
|                        | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360<br>days | value (3)          | (4)                |                    |                          |                            |
| <b>- Financial</b>     | <b>11,026,090</b> | <b>10,206,799</b> | <b>79,676,805</b>  | <b>98,715,796</b>        | <b>199,625,490</b> | <b>200,826,891</b> | <b>(1,201,401)</b> | <b>155,735,903</b>       |                            |
| National               |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| treasury bills         | 1,185,208         | 3,029,215         | 65,963,779         | 46,233,583               | 116,411,785        | 115,696,270        | 715,515            | 81,766,976               |                            |
| Debentures             | 725,580           | 697,920           | 5,029,645          | 33,976,456               | 40,429,601         | 41,209,310         | (779,709)          | 38,130,411               |                            |
| National               |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| treasury notes         | -                 | 733,282           | 2,550,339          | 6,086,083                | 9,369,704          | 9,185,811          | 183,893            | 10,407,300               |                            |
| Foreign                |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| corporate              |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| securities             | 137,455           | 623,494           | 1,159,970          | 8,060,853                | 9,981,772          | 10,180,355         | (198,583)          | 11,122,766               |                            |
| Shares                 | 7,069,641         | -                 | -                  | -                        | 7,069,641          | 8,199,743          | (1,130,102)        | 6,648,914                |                            |
| Foreign                |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| government             |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| bonds                  | 191,914           | 3,415,259         | -                  | -                        | 3,607,173          | 3,612,276          | (5,103)            | 1,551,476                |                            |
| Promissory             |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| Notes                  | -                 | 1,697,278         | 4,105,549          | -                        | 5,802,827          | 5,763,239          | 39,588             | 820,288                  |                            |
| Certificates of        |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| real estate            |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| receivables            | -                 | -                 | 10,812             | 781,777                  | 792,589            | 771,908            | 20,681             | 1,121,466                |                            |
| Other                  | 1,716,292         | 10,351            | 856,711            | 3,577,044                | 6,160,398          | 6,207,979          | (47,581)           | 4,166,299                |                            |
| <b>- Insurance</b>     |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| <b>companies and</b>   |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| <b>capitalization</b>  |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| <b>bonds</b>           | <b>1,826,532</b>  | <b>17,759</b>     | <b>201,046</b>     | <b>19,876,756</b>        | <b>21,922,093</b>  | <b>22,242,688</b>  | <b>(320,595)</b>   | <b>16,486,347</b>        |                            |
| National               |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| treasury notes         | -                 | -                 | -                  | 13,551,911               | 13,551,911         | 14,033,223         | (481,312)          | 11,391,899               |                            |
| Shares                 | 1,391,356         | -                 | -                  | -                        | 1,391,356          | 1,153,570          | 237,786            | 1,331,730                |                            |
| National               |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| treasury bills         | 103,093           | -                 | 186,831            | 6,036,888                | 6,326,812          | 6,414,110          | (87,298)           | 3,352,388                |                            |
| Other                  | 332,083           | 17,759            | 14,215             | 287,957                  | 652,014            | 641,785            | 10,229             | 410,333                  |                            |
| <b>- Pension plans</b> | <b>1,028,109</b>  | <b>19,763</b>     | <b>16,006</b>      | <b>15,225,163</b>        | <b>16,289,041</b>  | <b>15,691,033</b>  | <b>598,008</b>     | <b>13,142,438</b>        |                            |
| National               |                   |                   |                    |                          |                    |                    |                    |                          |                            |
| treasury notes         | -                 | 9,839             | -                  | 14,094,932               | 14,104,771         | 13,563,903         | 540,868            | 11,420,730               |                            |
| Shares                 | 1,028,109         | -                 | -                  | -                        | 1,028,109          | 964,497            | 63,612             | 1,555,266                |                            |
| Debentures             | -                 | -                 | -                  | 91,650                   | 91,650             | 83,034             | 8,616              | 93,914                   |                            |
| Other                  | -                 | 9,924             | 16,006             | 1,038,581                | 1,064,511          | 1,079,599          | (15,088)           | 72,511                   |                            |

|  |                   |                   |                   |                    |                    |                    |                    |                    |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>- Other activities</b>                                | <b>5,304</b>      | <b>-</b>          | <b>-</b>          | <b>15,877</b>      | <b>21,181</b>      | <b>15,885</b>      | <b>5,296</b>       | <b>45,320</b>      |
| Other  | 5,304             | -                 | -                 | 15,877             | 21,181             | 15,885             | 5,296              | 45,320             |
| <b>Subtotal</b>  | <b>13,886,035</b> | <b>10,244,321</b> | <b>79,893,857</b> | <b>133,833,592</b> | <b>237,857,805</b> | <b>238,776,497</b> | <b>(918,692)</b>   | <b>185,410,000</b> |
| <i>Accounting</i>  |                   |                   |                   |                    |                    |                    |                    |                    |
| <i>Hedge (Note 7f)</i>                                   | -                 | -                 | -                 | -                  | -                  | -                  | (285,786)          | -                  |
| Securities reclassified to "Held-to-maturity securities" | -                 | -                 | -                 | -                  | -                  | -                  | (682,319)          | -                  |
| <b>Total</b>   | <b>13,886,035</b> | <b>10,244,321</b> | <b>79,893,857</b> | <b>133,833,592</b> | <b>237,857,805</b> | <b>238,776,497</b> | <b>(1,886,797)</b> | <b>185,410,000</b> |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****III) Held-to-maturity securities**

| Securities (2)<br>(6)   | 2018               |                      |                       |                          |                       | On June 30 - R\$ thousand |  |                       |  |  |
|---|--------------------|----------------------|-----------------------|--------------------------|-----------------------|---------------------------|--|-----------------------|--|--|
|   | 1 to<br>30<br>days | 31 to<br>180<br>days | 181 to<br>360<br>days | More than<br>360<br>days | Amortized<br>cost (3) | Fair value<br>(4)         | Gain (loss)<br>not<br>accounted<br>for | Amortized<br>cost (3) | Gain (loss)<br>not<br>accounted<br>for |  |
| <b>- Financial</b>  | <b>144</b>         | <b>1,278</b>         | <b>11,100</b>         | <b>28,460,134</b>        | <b>28,472,656</b>     | <b>27,966,644</b>         | <b>(506,012)</b>                       | <b>12,262,241</b>     | <b>(506,546)</b>                       |  |
| National<br>treasury bills  | -                  | -                    | -                     | 16,214,867               | 16,214,867            | 16,214,867                | -                                      | -                     | -                                      |  |
| Certificates of<br>real estate<br>receivables                     | -                  | 41                   | 9,896                 | 11,428,173               | 11,438,110            | 10,932,098                | (506,012)                              | 12,233,203            | (506,724)                              |  |
| National<br>treasury notes  | 144                | 1,237                | 1,204                 | 814,220                  | 816,805               | 816,805                   | -                                      | 8,381                 | -                                      |  |
| Other   | -                  | -                    | -                     | 2,874                    | 2,874                 | 2,874                     | -                                      | 20,657                | 178                                    |  |
| <b>- Insurance<br/>companies and<br/>capitalization<br/>bonds</b> | <b>-</b>           | <b>-</b>             | <b>-</b>              | <b>5,296,593</b>         | <b>5,296,593</b>      | <b>5,457,266</b>          | <b>160,673</b>                         | <b>5,160,517</b>      | <b>545,001</b>                         |  |
| National<br>treasury notes  | -                  | -                    | -                     | 5,296,593                | 5,296,593             | 5,457,266                 | 160,673                                | 5,111,576             | 529,199                                |  |
| Financial<br>treasury bills                                       | -                  | -                    | -                     | -                        | -                     | -                         | -                                      | 48,941                | 15,802                                 |  |
| <b>- Pension plans</b>  | <b>-</b>           | <b>18,257</b>        | <b>-</b>              | <b>22,451,388</b>        | <b>22,469,645</b>     | <b>24,108,260</b>         | <b>1,638,615</b>                       | <b>24,843,381</b>     | <b>2,571,005</b>                       |  |
| National<br>treasury notes  | -                  | 18,257               | -                     | 22,451,388               | 22,469,645            | 24,108,260                | 1,638,615                              | 24,843,381            | 2,571,005                              |  |
| <b>Total</b>  | <b>144</b>         | <b>19,535</b>        | <b>11,100</b>         | <b>56,208,115</b>        | <b>56,238,894</b>     | <b>57,532,170</b>         | <b>1,293,276</b>                       | <b>42,266,139</b>     | <b>2,609,460</b>                       |  |

Economic and Financial Analysis Report – June 2018

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Notes to the Consolidated Financial Statements****c) Breakdown of the portfolios by financial statement classification**

| Securities  | On June 30 - R\$ thousand |                   |                   |                    |                    |                    |
|---|---------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
|   | 1 to 30                   | 31 to 180         | 181 to 360        | More than 360      | Total in 2018      | Total in 2017      |
|   | days                      | days              | days              | days               | (3) (4)            | (3) (4)            |
| <b>Own portfolio</b>                                    | <b>24,383,244</b>         | <b>10,735,775</b> | <b>37,041,969</b> | <b>309,936,212</b> | <b>382,097,200</b> | <b>357,211,631</b> |
| <b>Fixed income securities</b>                          | <b>11,546,032</b>         | <b>10,735,775</b> | <b>37,041,969</b> | <b>309,936,212</b> | <b>369,259,988</b> | <b>344,955,041</b> |
| National treasury notes                                 | 145                       | 518,377           | 365,446           | 82,204,531         | 83,088,499         | 114,409,451        |
| Financial treasury bills                                | -                         | 2,544,872         | 1,214,104         | 68,042,288         | 71,801,264         | 69,825,098         |
| National treasury bills                                 | 1,288,155                 | 45,289            | 25,043,900        | 100,420,329        | 126,797,673        | 73,222,917         |
| Debentures  | 773,823                   | 1,032,716         | 4,937,619         | 35,805,099         | 42,549,257         | 43,555,795         |
| Financial bills   | -                         | 737,572           | 543,968           | 4,409,741          | 5,691,281          | 11,508,754         |
| Certificates of real estate                             |                           |                   |                   |                    |                    |                    |
| receivables   | -                         | 41                | 20,708            | 12,403,317         | 12,424,066         | 13,543,236         |
| Foreign government bonds                                | 238,610                   | 3,415,259         | -                 | 434,135            | 4,088,004          | 1,881,833          |
| Foreign corporate securities                            | 1,219,764                 | 202,406           | 650,838           | 4,316,534          | 6,389,542          | 8,483,254          |
| Brazilian foreign debt securities                       | 26,986                    | -                 | -                 | 1,215,527          | 1,242,513          | 608,326            |
| Promissory Notes  | -                         | 1,697,278         | 4,139,988         | 143,554            | 5,980,820          | 1,274,940          |
| Bank deposit certificates                               | 228,368                   | 500,079           | 69,521            | 15,879             | 813,847            | 674,507            |
| Other   | 7,770,181                 | 41,886            | 55,877            | 525,278            | 8,393,222          | 5,966,930          |
| <b>Equity securities</b>                                | <b>12,837,212</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>12,837,212</b>  | <b>12,256,590</b>  |
| Shares of listed companies                              | 1,030,747                 | -                 | -                 | -                  | 1,030,747          | 1,557,599          |
| Shares of other companies                               | 11,806,465                | -                 | -                 | -                  | 11,806,465         | 10,698,991         |
| <b>Restricted securities</b>                            | <b>240,154</b>            | <b>4,810,290</b>  | <b>43,461,246</b> | <b>84,384,563</b>  | <b>132,896,253</b> | <b>74,389,224</b>  |
| <b>Subject to repurchase agreements</b>                 | <b>113,027</b>            | <b>4,529,232</b>  | <b>38,233,983</b> | <b>68,097,844</b>  | <b>110,974,086</b> | <b>54,455,555</b>  |
| National treasury bills                                 | -                         | 3,133,397         | 33,783,948        | 52,241,875         | 89,159,220         | 49,235,023         |
| Foreign corporate securities                            | 86,688                    | 609,873           | 1,117,263         | 4,839,448          | 6,653,272          | 4,696,472          |
| National treasury notes                                 | -                         | 697,695           | 3,042,440         | 5,825,735          | 9,565,870          | 263,726            |
| Brazilian foreign debt securities                       | 12,517                    | -                 | -                 | 680,571            | 693,088            | 3,575              |
| Debentures  | 13,822                    | 88,256            | 271,817           | 2,488,325          | 2,862,220          | -                  |
| Financial treasury bills                                | -                         | 11                | 18,515            | 2,021,890          | 2,040,416          | 256,759            |
| <b>Given in guarantee to the Brazilian Central Bank</b> | <b>-</b>                  | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>83,599</b>      |
| National treasury bills                                 | -                         | -                 | -                 | -                  | -                  | 83,599             |
| <b>Privatization rights</b>                             | <b>-</b>                  | <b>-</b>          | <b>-</b>          | <b>41,707</b>      | <b>41,707</b>      | <b>46,517</b>      |
| <b>Given in guarantee</b>                               | <b>127,127</b>            | <b>281,058</b>    | <b>5,227,263</b>  | <b>16,245,012</b>  | <b>21,880,460</b>  | <b>19,803,553</b>  |
| National treasury notes                                 | -                         | -                 | -                 | 4,321,160          | 4,321,160          | 11,581,723         |
| National treasury bills                                 | 26,603                    | 113,176           | 4,764,328         | 566,196            | 5,470,303          | 4,815,167          |
| Financial treasury bills                                | 31,969                    | 167,882           | 462,935           | 11,107,200         | 11,769,986         | 3,365,256          |

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**Notes to the Consolidated Financial Statements**

| Securities  | On June 30 - R\$ thousand |                   |                   |                    |                    |                    |
|---|---------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
|   | 1 to 30                   | 31 to 180         | 181 to 360        | More than 360      | Total in 2018      | Total in 2017      |
|   | days                      | days              | days              | days               | (3) (4)            | (3) (4)            |
| Other   | 68,555                    | -                 | -                 | 250,456            | 319,011            | 41,407             |
| <b>Derivative financial instruments</b>                           |                           |                   |                   |                    |                    |                    |
| <b>(1) (5)</b>  | <b>14,266,937</b>         | <b>489,127</b>    | <b>502,063</b>    | <b>939,573</b>     | <b>16,197,700</b>  | <b>15,050,310</b>  |
| <b>Securities sold under repurchase agreements - unrestricted</b> | -                         | -                 | <b>2,888,421</b>  | <b>235,368</b>     | <b>3,123,789</b>   | <b>8,689,222</b>   |
| National treasury bills   | -                         | -                 | 2,888,421         | -                  | 2,888,421          | 6,682,457          |
| National treasury notes   | -                         | -                 | -                 | 235,368            | 235,368            | 1,734,685          |
| Financial treasury bills  | -                         | -                 | -                 | -                  | -                  | 272,080            |
| <b>Total</b>  | <b>38,890,335</b>         | <b>16,035,192</b> | <b>83,893,699</b> | <b>395,495,716</b> | <b>534,314,942</b> | <b>455,340,387</b> |
| <b>%</b>  | <b>7.3</b>                | <b>3.0</b>        | <b>15.7</b>       | <b>74.0</b>        | <b>100.0</b>       | <b>100.0</b>       |

(1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the instruments, we are classifying the derivative financial instruments, except those considered as accounting hedges in the category Trading Securities;

(2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. At the time of preparation of the consolidated financial statements as of June 30, 2018, Management decided to reclassify Securities available for Sale to Held to Maturity, in the amount of R\$17,022,922 thousand, without any result, as the result (loss) in the gross amount of R\$(297,343) thousand, was retained in shareholders' equity and will be recognized in income over the remaining period of the securities, according to article 5 of said Circular. This reclassification was based on the alignment of the risk management strategy;

(3) The number of days to maturity was based on the contractual maturity of the instruments, regardless of their accounting classification;

(4) The fair value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. For investment funds, the original amortized cost reflects the fair value of the respective quotas;

(5) Includes hedge for protection of assets and liabilities, denominated in or indexed to foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities. For a better analysis of these items, consider the net exposure (Note 7d II); and

(6) In the first semester of 2018, there were impairment losses on financial assets (mostly debentures), net of reversals, related to securities classified as "Available-for-Sale" and "Held-to-Maturity" in the amount of R\$407,060 thousand (R\$833,283 thousand in 2017).

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***Notes to the Consolidated Financial Statements***

**d) Derivative financial instruments**

Bradesco carries out transactions involving derivative financial instruments, which are recognized in the statement of financial position or in off-balance-sheet accounts, to meet its own needs in managing its global exposure, as well as to meet its customer's requests, in order to manage their exposure. These operations involve a range of derivatives, including interest rate swaps, currency swaps, futures and options. Bradesco's risk management policy is based on the utilization of derivative financial instruments mainly to mitigate the risks from operations carried out by the Bank and its subsidiaries.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their fair value. Fair value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. Should market prices not be available, fair values are based on dealer quotations, pricing models, discounted cash flows or similar techniques for which the determination of fair value may require judgment or significant estimates by Management.

Quoted market prices are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from Securities, Commodities and Futures Exchange (B3), and the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factor swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded on an exchange or using methodologies similar to those outlined for swaps. The fair values of credit derivative instruments are determined based on market price quotation or prices received from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to calculate volatility.

Derivative financial instruments in Brazil primarily consist of swaps and futures and are registered at B3.

Operations involving forward contracts of interest rates, indexes and currencies are contracted by Management to hedge Bradesco's overall exposures and to meet customer needs.

Foreign derivative financial instruments refer to swap, forward, options, credit and futures operations and primarily out at the stock exchanges in Chicago and New York, as well as the over-the-counter (OTC) markets.

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**Notes to the Consolidated Financial Statements****l) Amount of derivative financial instruments recognized in off-balance-sheet accounts**

|   | 2018               |                  | On June 30 - R\$ thousand<br>2017 |                  |
|---|--------------------|------------------|-----------------------------------|------------------|
|   | Nominal value      | Net amount value | Nominal value                     | Net amount value |
| <b>Futures contracts</b>                    |                    |                  |                                   |                  |
| <b>Purchase commitments:</b>                | <b>171,790,932</b> |                  | <b>159,200,720</b>                |                  |
| - Interbank market                          | 108,247,938        | -                | 106,564,494                       | 2,446,235        |
| - Foreign currency                          | 63,229,924         | -                | 52,586,084                        | -                |
| - Other                                     | 313,070            | -                | 50,142                            | -                |
| <b>Sale commitments:</b>                    | <b>203,727,196</b> | -                | <b>165,675,492</b>                | -                |
| - Interbank market (1)                      | 127,964,886        | 19,716,948       | 104,118,259                       | -                |
| - Foreign currency (2)                      | 75,046,070         | 11,816,146       | 61,478,973                        | 8,892,889        |
| - Other                                     | 716,240            | 403,170          | 78,260                            | 28,118           |
| <b>Option contracts</b>                     |                    |                  |                                   |                  |
| <b>Purchase commitments:</b>                | <b>129,394,145</b> |                  | <b>24,809,185</b>                 |                  |
| - Interbank market                          | 113,733,788        | -                | 13,245,179                        | 10,574,362       |
| - Foreign currency                          | 15,238,538         | 1,083,819        | 11,285,617                        | 1,646,871        |
| - Other                                     | 421,819            | 198,651          | 278,389                           | -                |
| <b>Sale commitments:</b>                    | <b>179,044,451</b> |                  | <b>21,139,860</b>                 |                  |
| - Interbank market                          | 164,666,564        | 50,932,776       | 2,670,817                         | -                |
| - Foreign currency                          | 14,154,719         | -                | 9,638,746                         | -                |
| - Other                                     | 223,168            | -                | 8,830,297                         | 8,551,908        |
| <b>Forward contracts</b>                    |                    |                  |                                   |                  |
| <b>Purchase commitments:</b>                | <b>16,853,738</b>  |                  | <b>12,297,961</b>                 |                  |
| - Foreign currency                          | 16,193,212         | -                | 11,784,574                        | -                |
| - Other                                     | 660,526            | -                | 513,387                           | 13,868           |
| <b>Sale commitments:</b>                    | <b>19,398,654</b>  |                  | <b>16,254,153</b>                 |                  |
| - Foreign currency (2)                      | 18,441,365         | 2,248,153        | 15,754,634                        | 3,970,060        |
| - Other                                     | 957,289            | 296,763          | 499,519                           | -                |
| <b>Swap contracts</b>                       |                    |                  |                                   |                  |
| <b>Assets (long position):</b>              | <b>77,511,734</b>  |                  | <b>73,627,402</b>                 |                  |
| - Interbank market                          | 6,254,688          | 2,251,595        | 7,936,977                         | 5,599,559        |
| - Fixed rate                                | 49,942,201         | 24,265,065       | 51,922,671                        | 21,065,185       |
| - Foreign currency                          | 14,138,588         | -                | 12,440,983                        | -                |
| - IGPM                                      | 732,450            | -                | 437,700                           | -                |
| - Other                                     | 6,443,807          | 3,886,787        | 889,071                           | -                |
| <b>Liabilities (unrestricted position):</b> | <b>59,702,490</b>  |                  | <b>49,911,825</b>                 |                  |



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|                    |            |            |            |           |
|--------------------|------------|------------|------------|-----------|
| - Interbank market | 4,003,093  | -          | 2,337,418  | -         |
| - Fixed rate       | 25,677,136 | -          | 30,857,486 | -         |
| - Foreign currency | 26,729,241 | 12,590,653 | 13,846,145 | 1,405,162 |
| - IGPM             | 736,000    | 3,550      | 710,000    | 272,300   |
| - Other            | 2,557,020  | -          | 2,160,776  | 1,271,705 |

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting hedges to protect CDI-related funding totaling R\$4,728,847 thousand (R\$4,603,132 in 2017); and (ii) accounting hedges to protect interbank investments, in the amount of R\$10,485,976 thousand (R\$16,383,339 thousand in 2017) (note 7f); and

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments. Investments abroad totaling the amount of R\$57,968,309 thousand (R\$48,677,787 thousand in 2017).

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**Notes to the Consolidated Financial Statements****II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost and fair value**

|                              | 2018                          |                              |                     | On June 30 - R\$ thousand<br>2017 |                              |                     |
|------------------------------|-------------------------------|------------------------------|---------------------|-----------------------------------|------------------------------|---------------------|
|                              | Original<br>amortized<br>cost | Mark-to-market<br>adjustment | Fair value          | Original<br>amortized<br>cost     | Mark-to-market<br>adjustment | Fair value          |
| Adjustment receivable        |                               |                              |                     |                                   |                              |                     |
| - swaps                      | 13,807,244                    | (3,503,487)                  | 10,303,757          | 19,750,382                        | (6,396,785)                  | 13,353,597          |
| Adjustment receivable        |                               |                              |                     |                                   |                              |                     |
| - future                     | 8,343                         | -                            | 8,343               | 13,382                            | -                            | 13,382              |
| Receivable forward           |                               |                              |                     |                                   |                              |                     |
| purchases                    | 1,583,553                     | -                            | 1,583,553           | 654,841                           | -                            | 654,841             |
| Receivable forward           |                               |                              |                     |                                   |                              |                     |
| sales (1)                    | 2,855,478                     | -                            | 2,855,478           | 626,747                           | -                            | 626,747             |
| Premiums on                  |                               |                              |                     |                                   |                              |                     |
| exercisable options          | 1,264,191                     | 182,378                      | 1,446,569           | 454,280                           | (52,537)                     | 401,743             |
| <b>Total assets (A)</b>      | <b>19,518,809</b>             | <b>(3,321,109)</b>           | <b>16,197,700</b>   | <b>21,499,632</b>                 | <b>(6,449,322)</b>           | <b>15,050,310</b>   |
| Adjustment payables -        |                               |                              |                     |                                   |                              |                     |
| swaps                        | (9,250,216)                   | (3,045,997)                  | (12,296,213)        | (8,530,214)                       | (3,348,041)                  | (11,878,255)        |
| Adjustment payables -        |                               |                              |                     |                                   |                              |                     |
| future                       | (187,242)                     | -                            | (187,242)           | (205,948)                         | -                            | (205,948)           |
| Payable forward              |                               |                              |                     |                                   |                              |                     |
| purchases                    | (674,881)                     | -                            | (674,881)           | (1,001,656)                       | -                            | (1,001,656)         |
| Payable forward sales        | (1,731,148)                   | -                            | (1,731,148)         | (698,620)                         | -                            | (698,620)           |
| Premiums on written          |                               |                              |                     |                                   |                              |                     |
| options                      | (1,461,766)                   | (252,333)                    | (1,714,099)         | (496,239)                         | 25,067                       | (471,172)           |
| <b>Total liabilities (B)</b> | <b>(13,305,253)</b>           | <b>(3,298,330)</b>           | <b>(16,603,583)</b> | <b>(10,932,677)</b>               | <b>(3,322,974)</b>           | <b>(14,255,651)</b> |
|                              |                               |                              |                     | -                                 |                              |                     |
| <b>Net Effect (A-B)</b>      | <b>6,213,556</b>              | <b>(6,619,439)</b>           | <b>(405,883)</b>    | <b>10,566,955</b>                 | <b>(9,772,296)</b>           | <b>794,659</b>      |

(1) Includes receivable adjustments relating to hedge of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities.

**III) Futures, options, forward and swap contracts – (Nominal Value)**

On June 30 - R\$ thousand

|                       | <b>1 to 90</b>     | <b>91 to 180</b>   | <b>181 to 360</b>  | <b>More than<br/>360</b> | <b>2018</b>        | <b>2017</b>        |
|-----------------------|--------------------|--------------------|--------------------|--------------------------|--------------------|--------------------|
|                       | <b>days</b>        | <b>days</b>        | <b>days</b>        | <b>days</b>              |                    |                    |
| Futures contracts (1) | 92,094,401         | 15,275,638         | 83,728,089         | 184,420,000              | 375,518,128        | 324,876,212        |
| Option contracts      | 10,575,551         | 219,139,291        | 61,835,904         | 16,887,850               | 308,438,596        | 45,949,045         |
| Forward contracts (1) | 20,128,597         | 7,135,137          | 6,885,732          | 2,102,926                | 36,252,392         | 28,552,114         |
| Swap contracts        | 6,154,907          | 13,968,065         | 11,736,518         | 105,354,734              | 137,214,224        | 123,539,227        |
| <b>Total in 2018</b>  | <b>128,953,456</b> | <b>255,518,131</b> | <b>164,186,243</b> | <b>308,765,510</b>       | <b>857,423,340</b> |                    |
| <b>Total in 2017</b>  | <b>117,468,390</b> | <b>35,166,373</b>  | <b>150,111,407</b> | <b>220,170,428</b>       |                    | <b>522,916,598</b> |

(1) Includes contracts relating to hedges for the protection of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities.

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**Notes to the Consolidated Financial Statements****IV) Types of margin offered in guarantee of derivative financial instruments, primarily futures contracts**

|                              | On June 30 - R\$ thousand |                  |
|------------------------------|---------------------------|------------------|
|                              | <b>2018</b>               | <b>2017</b>      |
| <b>Government securities</b> |                           |                  |
| National treasury bills      | 3,769,858                 | 2,994,173        |
| National treasury notes      | 4,916,695                 | 4,614,789        |
| <b>Total</b>                 | <b>8,686,553</b>          | <b>7,608,962</b> |

**V) Revenues and expenses, net**

|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|---|---|------------------|
|   | <b>2018</b>   | <b>2017</b>      |
| Swap contracts  | (1,707,929)   | 356,397          |
| Forward contracts (1)   | (846,856)   | (663,409)        |
| Option contracts  | (362,071)   | (156,219)        |
| Futures contracts (1)   | (4,409,651)   | (697,699)        |
| Foreign exchange variation of assets and liabilities overseas | 4,032,369   | 442,516          |
| <b>Total (Note 7g)</b>  | <b>(3,294,138)</b>                                      | <b>(718,414)</b> |

(1) Includes the gain (loss) and the respective adjustment to the market capitalization of the hedge for protection of the assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments.

**VI) Reference values of derivative financial instruments, by trading location and counterparty**

|                               | On June 30 - R\$ thousand |             |
|-------------------------------|---------------------------|-------------|
|                               | <b>2018</b>               | <b>2017</b> |
| B3 (stock exchange)           | 622,280,049               | 305,061,353 |
| B3 (over-the-counter)         | 179,960,643               | 166,497,363 |
| Overseas (stock exchange) (1) | 45,476,695                | 44,100,246  |

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Overseas (over-the-counter) (1) | 9,705,953          | 7,257,636          |
| <b>Total</b>                    | <b>857,423,340</b> | <b>522,916,598</b> |

(1) Comprised of operations carried out on the Chicago and New York Stock Exchanges and over-the-counter markets.

#### **e) Credit Default Swaps (CDS)**

On June 30, 2018, Bradesco had credit default swaps (CDS) with the following characteristics: the risk received in credit swaps whose underlying assets are “debt securities issued by companies” in the amount of R\$768,422 thousand (2017 - R\$220,210 thousand) and “bonds of the Brazilian public debt” in the amount of R\$1,318,275 thousand (2017 - R\$363,902 thousand); and the risk transferred in credit swaps whose underlying assets are Brazilian public debt”, was R\$(886,834) thousand (R\$(16,541) thousand in 2017), and “foreign public debt derivatives” was R\$(231,348) thousand, amounting to a total net credit risk value of R\$968,515 thousand (2017 - R\$567,571 thousand), with an effect on the calculation of required shareholders’ equity of R\$68,538 thousand (2017 - R\$23,122 thousand). The contracts related to credit derivatives transactions described above are due in 2025. The mark-to-market of the protection rates that remunerates the counterparty that received the risk totaled R\$304 thousand (2017 - R\$(616) thousand). There were no credit events, as defined in the agreements, during the period.

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**Notes to the Consolidated Financial Statements****f) Hedge Accounting**

On June 30, 2018, Bradesco maintained hedge, in accordance with Bacen's Circular No. 3,082 / 02, composed by:

**I) Cash Flow Hedge** - the financial instruments classified in this category, aims to reduce exposure to future changes in interest rates, which impact the outcome of the organization. The effective portion of the valuations or devaluations of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to income in two situations: (i) in case of ineffectiveness of the hedge; or (ii) the realization of the hedge object. The ineffective portion of the respective hedge is recognized directly in the income statement.

| Strategy  | Hedge instrument nominal value | Hedge object accounting value | On June 30 - R\$ thousand   |   |
|---|--------------------------------|-------------------------------|---|---|
|   |                                |                               | Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects) | Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects) |
| Hedge of interest receipts from investments in securities (1) | 10,485,976                     | 9,484,831                     | 19,579  | 11,747  |
| Hedge of interest payments on funding (2)                     | 4,728,847                      | 4,637,720                     | (44,727)  | (26,836)  |
| <b>Total in 2018</b>  | <b>15,214,823</b>              | <b>14,122,551</b>             | <b>(25,148)</b>   | <b>(15,089)</b>   |
| *   |                                |                               |   |   |
| Hedge of interest receipts from investments in securities (1) | 16,383,339                     | 18,046,986                    | 204,456   | 122,674   |
| Hedge of interest payments on funding (2)                     | 4,603,132                      | 4,594,907                     | (28,839)  | (17,303)  |
| <b>Total in 2017</b>  | <b>20,986,471</b>              | <b>22,641,893</b>             | <b>175,617</b>  | <b>105,371</b>  |

(1) Referring to the DI interest rate risk, using DI Futures contracts in B3, with the maturity in 2019, making the cash flow prefixed; and

(2) Referring to the DI interest rate risk, using DI Futures contracts in B3, with maturity dates in 2020, making the cash flow prefixed.

The effectiveness of the hedge portfolio is in accordance with Bacen's Circular No. 3,082 / 02.

For the next 12 months, the gains related to the cash flow hedge, which we expect to recognize in the income statement, amount to R\$5,074 thousand.

The gains/(losses) related to the cash flow hedge recorded in the income statements in during the first semester of 2018 were R\$14,464 thousand.

**II) Hedge of investments abroad** - the financial instruments classified in this category, have the objective of reducing the exposure to foreign exchange variation of investments abroad, whose functional currency is different from the national currency, which impacts the result of the organization. The effective portion of the valuations or devaluations of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to income in two situations: (i) hedge ineffectiveness; or (ii) in the disposal or partial sale of the foreign operation. The ineffective portion of the respective hedge is recognized directly in the income statement.

| Strategy   | Hedge instrument nominal value | Hedge object accounting value | On June 30 - R\$ thousand   |   |
|--|--------------------------------|-------------------------------|---|---|
|  |                                |                               | Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects) | Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects) |
| Hedge of exchange variation on future cash flows (1) | 1,382,494                      | 752,159                       | (260,638)   | (156,383)   |
| <b>Total in 2018</b>                                 | <b>1,382,494</b>               | <b>752,159</b>                | <b>(260,638)</b>  | <b>(156,383)</b>  |
| Hedge of exchange variation on future cash flows (1) | 1,172,402                      | 661,360                       | (154,335)   | (92,601)  |
| <b>Total in 2017</b>                                 | <b>1,172,402</b>               | <b>661,360</b>                | <b>(154,335)</b>  | <b>(92,601)</b>   |

(1) Whose functional currency is different from the real, using Forward contracts, with the object of hedging the foreign investment referenced to MXN (Mexican Peso).

The effectiveness of the hedge portfolio is in accordance with Bacen's Circular No. 3,082 / 02.

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### **Notes to the Consolidated Financial Statements**

For the next 12 months, the gains/(losses) related to the hedge of investments abroad, which we expect to recognize in the result, amount to R\$4,182 thousand.

Gains/(losses) related to the hedge of investments abroad recorded in income accounts in during the first semester of 2018 were R\$(6,258) thousand.

#### **g) Income from securities, insurance, pension plans and capitalization bonds, and derivative financial instruments**

|   | In the six month period ended<br>June 30 - R\$ thousand |                   |
|---|---|-------------------|
|   | <b>2018</b>   | <b>2017</b>       |
| Fixed income securities (1)                                       | 10,663,613  | 11,233,595        |
| Interbank investments (Note 6b)                                   | 5,263,483   | 10,340,164        |
| Equity securities   | 83,770  | 770,083           |
| <b>Subtotal</b>   | <b>16,010,866</b>                                       | <b>22,343,842</b> |
| Income from insurance, pension plans and capitalization bonds (2) | 9,339,830   | 14,493,952        |
| Income from derivative financial instruments (Note 7d V)          | (3,294,138)   | (718,414)         |
| <b>Total</b>  | <b>22,056,558</b>                                       | <b>36,119,380</b> |

(1) In the first semester of 2018, there were losses due to impairment of financial assets (mostly debentures), net of reversals, in the amount of R\$405,592 thousand (R\$833,283 thousand in 2017); and

(2) In the first semester of 2018, there were losses due to impairment of shares in the amount of R\$1,468 thousand.

#### **8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT**

##### **a) Reserve requirement**

On June 30 - R\$ thousand



|  | <b>Remuneration</b> | <b>2018</b>       | <b>2017</b>       |
|--|---------------------|-------------------|-------------------|
| Compulsory deposit – demand deposits             | not remunerated     | 7,230,446         | 4,820,146         |
| Compulsory deposit – savings deposits            | savings index       | 20,437,684        | 19,270,779        |
| Compulsory deposit – time deposits               | Selic rate          | 43,685,879        | 38,155,072        |
| Requirement rural loans funds                    | not remunerated     | 46,225            | -                 |
| Additional compulsory deposit – savings deposits | Selic rate          | -                 | 5,226,260         |
| Reserve requirement – SFH                        | TR + interest rate  | 1,241,906         | 825,908           |
| <b>Total</b>                                     |                     | <b>72,642,140</b> | <b>68,298,165</b> |

For more information on compulsory deposits see Note 34.

#### **b) Revenue from reserve requirement**

|  |   |                  |
|--|---|------------------|
|  | In the six month period ended<br>June 30 - R\$ thousand |                  |
|  | <b>2018</b>   | <b>2017</b>      |
| Reserve requirement – Bacen (Compulsory deposit) | 1,806,363   | 2,654,557        |
| Reserve requirement – SFH                        | 25,038  | 28,890           |
| <b>Total</b>                                     | <b>1,831,401</b>  | <b>2,683,447</b> |

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**Notes to the Consolidated Financial Statements****9) LOANS**

Information relating to loans, including advances on foreign exchange contracts, leases and other receivables with credit characteristics is shown below:

**a) By type and maturity**

|   | Performing loans  |                   |                   |                   |                   |                    | On June 30 -       |             |              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------|--------------|
|   | 1 to 30           | 31 to 60          | 61 to 90          | 91 to 180         | 181 to 360        | More than          | Total in           | % (4)       | Tot          |
|   | days              | days              | days              | days              | days              | 360                | 2018 (A)           |             | 201          |
|   |                   |                   |                   |                   |                   | days               |                    |             |              |
| Discounted trade receivables and loans (1)            | 21,208,973        | 10,776,495        | 9,857,340         | 19,406,815        | 24,979,282        | 74,346,049         | 160,574,954        | 36.6        | 151,4        |
| Financing   | 5,134,249         | 3,689,421         | 3,524,314         | 9,512,955         | 17,382,825        | 89,442,868         | 128,686,632        | 29.3        | 127,6        |
| Agricultural and agribusiness loans                   | 2,093,884         | 1,224,200         | 1,393,421         | 4,436,148         | 4,030,545         | 8,838,838          | 22,017,036         | 5.0         | 21,6         |
| <b>Subtotal</b>                                       | <b>28,437,106</b> | <b>15,690,116</b> | <b>14,775,075</b> | <b>33,355,918</b> | <b>46,392,652</b> | <b>172,627,755</b> | <b>311,278,622</b> | <b>70.9</b> | <b>300,6</b> |
| Leases  | 95,070            | 83,395            | 86,298            | 241,278           | 391,931           | 1,060,564          | 1,958,536          | 0.4         | 2,1          |
| Advances on foreign exchange contracts (2)            | 3,436,390         | 1,842,654         | 1,667,060         | 2,588,279         | 3,429,569         | 65,079             | 13,029,031         | 3.0         | 9,6          |
| <b>Subtotal</b>                                       | <b>31,968,566</b> | <b>17,616,165</b> | <b>16,528,433</b> | <b>36,185,475</b> | <b>50,214,152</b> | <b>173,753,398</b> | <b>326,266,189</b> | <b>74.3</b> | <b>312,5</b> |
| Other receivables (3)                                 | 17,594,166        | 6,509,662         | 3,418,536         | 5,141,922         | 2,873,220         | 625,519            | 36,163,025         | 8.2         | 30,7         |
| <b>Total loans</b>                                    | <b>49,562,732</b> | <b>24,125,827</b> | <b>19,946,969</b> | <b>41,327,397</b> | <b>53,087,372</b> | <b>174,378,917</b> | <b>362,429,214</b> | <b>82.5</b> | <b>343,3</b> |
| Acquisition of credit card receivables                | 1,425,815         | 656,901           | 482,985           | 827,125           | 521,319           | -                  | 3,914,145          | 0.9         | 1,6          |
| <b>Subtotal</b>                                       | <b>50,988,547</b> | <b>24,782,728</b> | <b>20,429,954</b> | <b>42,154,522</b> | <b>53,608,691</b> | <b>174,378,917</b> | <b>366,343,359</b> | <b>83.4</b> | <b>344,9</b> |
| Sureties and guarantees                               | 3,635,781         | 540,799           | 1,538,495         | 6,352,354         | 9,681,031         | 50,016,487         | 71,764,947         | 16.3        | 73,7         |
| Loan assignment - real estate receivables certificate | 33,116            | 33,114            | 33,112            | 95,298            | 142,223           | 478,166            | 815,029            | 0.2         | 9            |
| Guarantee given on rural loans                        | -                 | -                 | -                 | -                 | -                 | 76,709             | 76,709             | -           |              |

|                                   |                   |                   |                   |                   |                   |                    |                    |              |              |  |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|--------------|--|
| assigned                          |                   |                   |                   |                   |                   |                    |                    |              |              |  |
| Letters of credit for imports     | 95,987            | 135,660           | 35,326            | 84,322            | 48,558            | -                  | 399,853            | 0.1          | 2            |  |
| Confirmed exports loans           | 2,791             | -                 | -                 | 20,000            | 60,000            | -                  | 82,791             | -            |              |  |
| <b>Total -</b>                    |                   |                   |                   |                   |                   |                    |                    |              |              |  |
| <b>Off-balance-sheet accounts</b> | <b>3,767,675</b>  | <b>709,573</b>    | <b>1,606,933</b>  | <b>6,551,974</b>  | <b>9,931,812</b>  | <b>50,571,362</b>  | <b>73,139,329</b>  | <b>16.6</b>  | <b>75,1</b>  |  |
| <b>Total in 2018</b>              | <b>54,756,222</b> | <b>25,492,301</b> | <b>22,036,887</b> | <b>48,706,496</b> | <b>63,540,503</b> | <b>224,950,279</b> | <b>439,482,688</b> | <b>100.0</b> |              |  |
| <b>Total in 2017</b>              | <b>43,180,520</b> | <b>27,252,104</b> | <b>19,952,724</b> | <b>50,026,306</b> | <b>67,080,689</b> | <b>212,634,721</b> |                    |              | <b>420,1</b> |  |

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**Notes to the Consolidated Financial Statements**

On June 30 - R\$ thousand

|  | <b>Non-performing loans<br/>Past-due installments</b> |                          |                          |                           |                                |                              | <b>% (4)</b> | <b>Total in<br/>2017 (B)</b> | <b>% (4)</b> |
|--|---|--------------------------|--------------------------|---------------------------|--------------------------------|------------------------------|--------------|------------------------------|--------------|
|  | <b>1 to 30<br/>days</b>                               | <b>31 to 60<br/>days</b> | <b>61 to 90<br/>days</b> | <b>91 to 180<br/>days</b> | <b>181 to<br/>540<br/>days</b> | <b>Total in<br/>2018 (B)</b> |              |                              |              |
| Discounted trade receivables and loans (1) | 1,865,793   | 1,398,293                | 898,460                  | 2,741,370                 | 3,415,103                      | 10,319,019                   | 83.6         | 11,820,224                   | 83.0         |
| Financing                                  | 294,903   | 221,016                  | 255,648                  | 278,869                   | 215,585                        | 1,266,021                    | 10.3         | 1,360,323                    | 9.6          |
| Agricultural and agribusiness loans        | 26,868  | 30,611                   | 14,327                   | 43,470                    | 89,385                         | 204,661                      | 1.7          | 252,496                      | 1.8          |
| <b>Subtotal</b>                            | <b>2,187,564</b>                                      | <b>1,649,920</b>         | <b>1,168,435</b>         | <b>3,063,709</b>          | <b>3,720,073</b>               | <b>11,789,701</b>            | <b>95.6</b>  | <b>13,433,043</b>            | <b>94.4</b>  |
| Leases                                     | 2,864   | 2,462                    | 1,827                    | 3,875                     | 3,046                          | 14,074                       | 0.1          | 50,016                       | 0.4          |
| Advances on foreign exchange contracts (2) | 20,654  | 14,374                   | 6,722                    | 55,958                    | -                              | 97,708                       | 0.8          | 268,319                      | 1.9          |
| <b>Subtotal</b>                            | <b>2,211,082</b>                                      | <b>1,666,756</b>         | <b>1,176,984</b>         | <b>3,123,542</b>          | <b>3,723,119</b>               | <b>11,901,483</b>            | <b>96.5</b>  | <b>13,751,378</b>            | <b>96.7</b>  |
| Other receivables (3)                      | 7,941   | 22,282                   | 36,400                   | 65,014                    | 294,051                        | 425,688                      | 3.5          | 473,926                      | 3.3          |
| <b>Total in 2018</b>                       | <b>2,219,023</b>                                      | <b>1,689,038</b>         | <b>1,213,384</b>         | <b>3,188,556</b>          | <b>4,017,170</b>               | <b>12,327,171</b>            | <b>100.0</b> |                              |              |
| <b>Total in 2017</b>                       | <b>1,949,551</b>                                      | <b>1,858,367</b>         | <b>1,709,969</b>         | <b>3,564,998</b>          | <b>5,142,419</b>               |                              |              | <b>14,225,304</b>            | <b>100.0</b> |

On June 30 - R\$ thousand

|  | <b>Non-performing loans<br/>Installments not yet due</b> |                          |                          |                           |                            |                               | <b>% (4)</b>      | <b>Total in<br/>2017 (C)</b> | <b>% (4)</b>      |
|--|--|--------------------------|--------------------------|---------------------------|----------------------------|-------------------------------|-------------------|------------------------------|-------------------|
|  | <b>1 to 30<br/>days</b>                                  | <b>31 to 60<br/>days</b> | <b>61 to 90<br/>days</b> | <b>91 to 180<br/>days</b> | <b>181 to 360<br/>days</b> | <b>More than 360<br/>days</b> |                   |                              |                   |
| Discounted trade receivables and loans (1) | 670,255  | 520,606                  | 485,447                  | 1,174,755                 | 1,920,801                  | 4,655,074                     | 9,426,938         | 61.4                         | 11,823,792        |
| Financing                                  | 229,832  | 194,686                  | 193,637                  | 531,894                   | 874,835                    | 3,486,593                     | 5,511,477         | 35.9                         | 5,227,531         |
| Agricultural and agribusiness loans        | 1,973  | 55,496                   | 1,625                    | 9,477                     | 51,702                     | 72,106                        | 192,379           | 1.3                          | 248,690           |
| <b>Subtotal</b>                            | <b>902,060</b>   | <b>770,788</b>           | <b>680,709</b>           | <b>1,716,126</b>          | <b>2,847,338</b>           | <b>8,213,773</b>              | <b>15,130,794</b> | <b>98.6</b>                  | <b>17,300,013</b> |
| Leases                                     | 2,676  | 2,492                    | 2,358                    | 6,566                     | 12,217                     | 24,759                        | 51,068            | 0.3                          | 158,674           |
| <b>Subtotal</b>                            | <b>904,736</b>   | <b>773,280</b>           | <b>683,067</b>           | <b>1,722,692</b>          | <b>2,859,555</b>           | <b>8,238,532</b>              | <b>15,181,862</b> | <b>98.9</b>                  | <b>17,458,687</b> |
| Other receivables (3)                      | 6,570  | 5,678                    | 5,198                    | 14,106                    | 21,276                     | 113,929                       | 166,757           | 1.1                          | 44,171            |
| <b>Total in 2018</b>                       | <b>911,306</b>   | <b>778,958</b>           | <b>688,265</b>           | <b>1,736,798</b>          | <b>2,880,831</b>           | <b>8,352,461</b>              | <b>15,348,619</b> | <b>100.0</b>                 |                   |

|                      |                        |                        |                          |                   |              |
|----------------------|------------------------|------------------------|--------------------------|-------------------|--------------|
| <b>Total in 2017</b> | <b>981,713,873,623</b> | <b>815,367,204,166</b> | <b>3,397,966,938,023</b> | <b>17,502,858</b> | <b>100.0</b> |
|----------------------|------------------------|------------------------|--------------------------|-------------------|--------------|

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**Notes to the Consolidated Financial Statements**

|   | On June 30 - R\$ thousand |              |                      |              |
|---|---------------------------|--------------|----------------------|--------------|
|   | <b>Total</b>              |              | <b>Total</b>         |              |
|   | <b>Total in 2018</b>      | <b>% (4)</b> | <b>Total in 2017</b> | <b>% (4)</b> |
|   | <b>(A+B+C)</b>            |              | <b>(A+B+C)</b>       |              |
| Discounted trade receivables and loans (1)            | 180,320,911               | 38.6         | 175,084,982          | 38.8         |
| Financing   | 135,464,130               | 29.0         | 134,195,386          | 29.7         |
| Agricultural and agribusiness loans                   | 22,414,076                | 4.8          | 22,151,055           | 4.9          |
| <b>Subtotal</b>                                       | <b>338,199,117</b>        | <b>72.4</b>  | <b>331,431,423</b>   | <b>73.4</b>  |
| Leases  | 2,023,678                 | 0.4          | 2,364,495            | 0.5          |
| Advances on foreign exchange contracts (2) (Note 10a) | 13,126,739                | 2.8          | 9,964,410            | 2.2          |
| <b>Subtotal</b>                                       | <b>353,349,534</b>        | <b>75.6</b>  | <b>343,760,328</b>   | <b>76.1</b>  |
| Other receivables (3)                                 | 36,755,470                | 7.9          | 31,314,280           | 6.9          |
| <b>Total loans</b>                                    | <b>390,105,004</b>        | <b>83.5</b>  | <b>375,074,608</b>   | <b>83.0</b>  |
| Acquisition of credit card receivables                | 3,914,145                 | 0.8          | 1,639,010            | 0.4          |
| <b>Subtotal</b>                                       | <b>394,019,149</b>        | <b>84.3</b>  | <b>376,713,618</b>   | <b>83.4</b>  |
| Sureties and guarantees                               | 71,764,947                | 15.4         | 73,743,868           | 16.3         |
| Loan assignment - real estate receivables certificate | 815,029                   | 0.2          | 967,852              | 0.2          |
| Guarantee given on rural loans assigned               | 76,709                    | -            | 88,696               | -            |
| Letters of credit for imports                         | 399,853                   | 0.1          | 299,127              | 0.1          |
| Confirmed exports loans                               | 82,791                    | -            | 42,065               | -            |
| <b>Total - Off-balance-sheet accounts</b>             | <b>73,139,329</b>         | <b>15.7</b>  | <b>75,141,608</b>    | <b>16.6</b>  |
| <b>Total in 2018</b>                                  | <b>467,158,478</b>        | <b>100.0</b> |                      |              |
| <b>Total in 2017</b>                                  |                           |              | <b>451,855,226</b>   | <b>100.0</b> |

(1) Including credit card loans and advances on credit card receivables of R\$13,898,610 thousand (R\$16,355,388 thousand in 2017);

(2) Advances on foreign exchange contracts are classified as a deduction from "Other Liabilities";

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$26,466,763 thousand (R\$24,313,631 thousand in 2017); and

(4) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****b) By type and levels of risk**

|   | Levels of risk     |                    |                   |                   |                   |                  |                  |                  |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|
|   | AA                 | A                  | B                 | C                 | D                 | E                | F                | G                | H                 |
| Discounted trade receivables and loans        | 23,439,090         | 80,138,999         | 15,263,030        | 27,927,510        | 7,954,786         | 5,431,828        | 4,035,570        | 2,508,364        | 13,621,730        |
| Financing Agricultural and agribusiness loans | 80,758,260         | 21,350,712         | 15,288,788        | 9,677,595         | 2,445,095         | 1,815,134        | 770,134          | 525,953          | 2,832,450         |
| Subtotal                                      | 111,261,100        | 106,722,858        | 37,861,020        | 39,584,232        | 10,887,733        | 7,353,302        | 4,836,524        | 3,058,286        | 16,634,060        |
| Leases  | 307,429            | 358,156            | 1,200,690         | 47,882            | 14,558            | 26,918           | 9,718            | 2,590            | 55,730            |
| Advances on foreign exchange contracts (2)    | 5,386,378          | 2,666,797          | 2,401,881         | 2,088,041         | 32,236            | 336,905          | 46,588           | 23,648           | 144,260           |
| Subtotal                                      | 116,954,907        | 109,747,811        | 41,463,591        | 41,720,155        | 10,934,527        | 7,717,125        | 4,892,830        | 3,084,524        | 16,834,060        |
| Other receivables                             | 8,370,725          | 19,498,679         | 3,665,447         | 3,920,189         | 229,872           | 138,786          | 66,333           | 41,747           | 823,690           |
| <b>Total in 2018</b>                          | <b>125,325,632</b> | <b>129,246,490</b> | <b>45,129,038</b> | <b>45,640,344</b> | <b>11,164,399</b> | <b>7,855,911</b> | <b>4,959,163</b> | <b>3,126,271</b> | <b>17,657,750</b> |
| <b>%</b>                                      | <b>32.1</b>        | <b>33.1</b>        | <b>11.6</b>       | <b>11.7</b>       | <b>2.9</b>        | <b>2.0</b>       | <b>1.3</b>       | <b>0.8</b>       | <b>4.5</b>        |
| <b>Total in 2017</b>                          | <b>115,125,703</b> | <b>123,307,634</b> | <b>45,766,139</b> | <b>43,597,254</b> | <b>12,317,567</b> | <b>7,360,307</b> | <b>3,814,006</b> | <b>3,254,798</b> | <b>20,531,200</b> |
| <b>%</b>                                      | <b>30.7</b>        | <b>32.9</b>        | <b>12.1</b>       | <b>11.6</b>       | <b>3.3</b>        | <b>2.0</b>       | <b>1.0</b>       | <b>0.9</b>       | <b>5.1</b>        |

(1) Percentage of each type in relation to the total loan portfolio, excluding sureties and guarantees, loan assignments, acquisition of receivables and co-obligation in rural loan assignments; and

(2) Note 10a.

**Notes to the Consolidated Financial Statements**

### c) Maturity ranges and levels of risk

On June 30 -

|                           | Levels of risk       |   |           |           |           |           |           |           |               |            |               |            |
|---------------------------|----------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|---------------|------------|---------------|------------|
|                           | Non-performing loans |   |           |           |           |           |           |           |               |            |               |            |
|                           | AAA                  | B | C         | D         | E         | F         | G         | H         | Total in 2018 | % (1)      | Total in 2017 |            |
| Installments not yet due  | -                    | - | 1,218,336 | 3,015,406 | 2,014,099 | 1,412,330 | 1,229,427 | 1,199,366 | 5,259,655     | 15,348,619 | 100.0         | 17,500,000 |
| 1 to 30                   | -                    | - | 147,685   | 175,036   | 109,696   | 71,179    | 62,985    | 58,616    | 286,109       | 911,306    | 5.9           | 9,000,000  |
| 31 to 60                  | -                    | - | 111,026   | 193,438   | 87,366    | 56,518    | 53,314    | 42,345    | 234,951       | 778,958    | 5.1           | 8,000,000  |
| 61 to 90                  | -                    | - | 92,789    | 122,944   | 84,577    | 56,819    | 52,680    | 43,099    | 235,357       | 688,265    | 4.5           | 8,000,000  |
| 91 to 180                 | -                    | - | 174,356   | 290,593   | 231,560   | 166,237   | 140,474   | 112,493   | 621,085       | 1,736,798  | 11.3          | 2,000,000  |
| 181 to 360                | -                    | - | 249,739   | 574,945   | 387,036   | 253,688   | 232,893   | 207,133   | 975,397       | 2,880,831  | 18.8          | 3,300,000  |
| More than 360             | -                    | - | 442,741   | 1,658,450 | 1,113,864 | 807,889   | 687,081   | 735,680   | 2,906,756     | 8,352,461  | 54.4          | 9,300,000  |
| Past-due installments (2) | -                    | - | 425,449   | 973,491   | 1,627,512 | 792,682   | 1,479,706 | 884,769   | 6,143,562     | 12,327,171 | 100.0         | 14,200,000 |
| 1 to 14                   | -                    | - | 8,874     | 116,736   | 758,439   | 30,023    | 19,257    | 95,406    | 179,523       | 1,208,258  | 9.8           | 8,000,000  |
| 15 to 30                  | -                    | - | 407,750   | 230,713   | 88,128    | 56,094    | 39,730    | 26,754    | 161,596       | 1,010,765  | 8.2           | 1,000,000  |
| 31 to 60                  | -                    | - | 8,825     | 605,082   | 176,184   | 115,667   | 392,767   | 51,459    | 339,054       | 1,689,038  | 13.7          | 1,800,000  |
| 61 to 90                  | -                    | - | -         | 17,019    | 572,894   | 117,062   | 97,856    | 57,600    | 350,953       | 1,213,384  | 9.8           | 1,700,000  |
| 91 to 180                 | -                    | - | -         | 3,941     | 31,867    | 452,774   | 912,593   | 631,761   | 1,155,620     | 3,188,556  | 25.9          | 3,500,000  |
| 181 to 360                | -                    | - | -         | -         | -         | 21,062    | 17,503    | 21,789    | 3,871,756     | 3,932,110  | 31.9          | 5,000,000  |
| More than 360             | -                    | - | -         | -         | -         | -         | -         | -         | 85,060        | 85,060     | 0.7           | -          |
| Subtotal                  | -                    | - | 1,643,785 | 3,988,897 | 3,641,611 | 2,205,012 | 2,709,133 | 2,084,135 | 11,403,217    | 27,675,790 |               | 31,700,000 |
| Specific provision        | -                    | - | 16,438    | 119,667   | 364,161   | 661,504   | 1,354,567 | 1,458,894 | 11,403,217    | 15,378,448 |               | 18,700,000 |

(1) Percentage of maturities by installment; and

(2) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by Resolution No. 2,682/99.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements**

|                                 | Levels of risk<br>Performing loans |                    |                   |                   |                   |                  |                  |                  |                   |
|---------------------------------|------------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|
|                                 | AA                                 | A                  | B                 | C                 | D                 | E                | F                | G                | H                 |
| <b>Installments not yet due</b> | <b>125,325,632</b>                 | <b>129,246,490</b> | <b>43,485,253</b> | <b>41,651,447</b> | <b>7,522,788</b>  | <b>5,650,899</b> | <b>2,250,030</b> | <b>1,042,136</b> | <b>6,254,539</b>  |
| 1 to 30                         | 12,118,323                         | 19,937,335         | 5,540,695         | 8,070,868         | 841,999           | 2,134,881        | 137,607          | 115,073          | 665,951           |
| 31 to 60                        | 6,327,183                          | 9,988,422          | 2,741,474         | 3,867,114         | 269,140           | 383,238          | 81,619           | 42,990           | 424,647           |
| 61 to 90                        | 5,494,534                          | 8,756,098          | 2,237,401         | 2,716,640         | 318,865           | 123,939          | 38,749           | 29,004           | 231,739           |
| 91 to 180                       | 13,111,787                         | 15,468,788         | 4,983,890         | 5,786,390         | 772,045           | 305,507          | 101,660          | 341,914          | 455,416           |
| 181 to 360                      | 16,816,798                         | 20,477,232         | 6,778,451         | 6,476,260         | 889,329           | 363,055          | 135,022          | 121,584          | 1,029,641         |
| More than 360                   | 71,457,007                         | 54,618,615         | 21,203,342        | 14,734,175        | 4,431,410         | 2,340,279        | 1,755,373        | 391,571          | 3,447,145         |
| Generic provision               | -                                  | 646,232            | 434,853           | 1,249,543         | 752,279           | 1,695,270        | 1,125,015        | 729,495          | 6,254,539         |
| <b>Total in 2018</b>            | <b>125,325,632</b>                 | <b>129,246,490</b> | <b>45,129,038</b> | <b>45,640,344</b> | <b>11,164,399</b> | <b>7,855,911</b> | <b>4,959,163</b> | <b>3,126,271</b> | <b>17,657,756</b> |
| Existing provision              | -                                  | 729,562            | 486,564           | 1,510,055         | 1,673,601         | 5,242,726        | 4,821,206        | 3,031,175        | 17,657,756        |
| Minimum required provision      | -                                  | 646,232            | 451,291           | 1,369,210         | 1,116,440         | 2,356,774        | 2,479,582        | 2,188,389        | 17,657,756        |
| Excess provision                | -                                  | 83,330             | 35,273            | 140,845           | 557,161           | 2,885,952        | 2,341,624        | 842,786          | -                 |
| <b>Total in 2017</b>            | <b>115,125,703</b>                 | <b>123,307,634</b> | <b>45,766,139</b> | <b>43,597,254</b> | <b>12,317,567</b> | <b>7,360,307</b> | <b>3,814,006</b> | <b>3,254,798</b> | <b>20,531,200</b> |
| Existing provision              | -                                  | 695,860            | 502,746           | 1,483,407         | 1,892,632         | 5,452,992        | 3,762,097        | 3,131,563        | 20,531,200        |
| Minimum required provision      | -                                  | 616,537            | 457,661           | 1,307,917         | 1,231,756         | 2,208,092        | 1,907,002        | 2,278,358        | 20,531,200        |
| Excess provision                | -                                  | 79,323             | 45,085            | 175,490           | 660,876           | 3,244,900        | 1,855,095        | 853,205          | -                 |

(1) Percentage of maturities by installment.

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**Notes to the Consolidated Financial Statements****d) Concentration of loans**

|                       | On June 30 - R\$ thousand |              |             |              |
|-----------------------|---------------------------|--------------|-------------|--------------|
|                       | <b>2018</b>               | <b>% (1)</b> | <b>2017</b> | <b>% (1)</b> |
| Largest borrower      | 9,087,540                 | 2.3          | 8,081,522   | 2.2          |
| 10 largest borrowers  | 33,697,877                | 8.6          | 30,854,198  | 8.2          |
| 20 largest borrowers  | 51,765,908                | 13.3         | 47,158,666  | 12.6         |
| 50 largest borrowers  | 73,806,142                | 18.9         | 69,048,720  | 18.4         |
| 100 largest borrowers | 91,523,131                | 23.5         | 86,436,740  | 23.0         |

(1) Percentage on total portfolio (as defined by Bacen).

**e) By economic sector**

|  | On June 30 - R\$ thousand |             |                    |             |
|--|---------------------------|-------------|--------------------|-------------|
|  | <b>2018</b>               | <b>%</b>    | <b>2017</b>        | <b>%</b>    |
| <b>Public sector</b>                       | <b>9,325,261</b>          | <b>2.4</b>  | <b>8,081,522</b>   | <b>2.2</b>  |
| Oil, derivatives and aggregate activities  | 9,087,540                 | 2.3         | 8,081,522          | 2.2         |
| Production and distribution of electricity | 2,294                     | -           | -                  | -           |
| Other industries                           | 235,427                   | 0.1         | -                  | -           |
| <b>Private sector</b>                      | <b>380,779,743</b>        | <b>97.6</b> | <b>366,993,086</b> | <b>97.8</b> |
| <b>Companies</b>                           | <b>199,728,582</b>        | <b>51.2</b> | <b>196,668,157</b> | <b>52.4</b> |
| Real estate and construction activities    | 28,087,651                | 7.2         | 29,665,326         | 7.9         |
| Retail                                     | 26,948,921                | 6.9         | 21,528,041         | 5.7         |
| Services                                   | 19,300,153                | 4.9         | 17,827,415         | 4.8         |
| Transportation and concession              | 15,966,918                | 4.1         | 14,735,277         | 3.9         |
| Automotive                                 | 12,016,051                | 3.1         | 12,865,841         | 3.4         |
| Food products                              | 12,394,433                | 3.2         | 10,469,874         | 2.8         |
| Wholesale                                  | 9,916,910                 | 2.5         | 9,726,602          | 2.6         |
| Production and distribution of electricity | 6,004,914                 | 1.5         | 7,865,649          | 2.1         |
| Iron and steel industry                    | 7,639,265                 | 2.0         | 7,566,006          | 2.0         |
| Sugar and alcohol                          | 7,564,020                 | 1.9         | 7,004,304          | 1.9         |
| Holding                                    | 3,835,191                 | 1.0         | 5,835,271          | 1.6         |
| Capital goods                              | 2,740,303                 | 0.7         | 4,493,802          | 1.2         |
| Pulp and paper                             | 3,046,627                 | 0.8         | 3,881,806          | 1.0         |
| Chemical                                   | 3,823,138                 | 1.0         | 3,683,140          | 1.0         |
| Cooperative                                | 3,831,002                 | 1.0         | 3,911,770          | 1.0         |

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|   |                    |              |                    |              |
|---|--------------------|--------------|--------------------|--------------|
| Financial                                 | 2,364,089          | 0.6          | 3,396,929          | 0.9          |
| Leisure and tourism                       | 2,824,784          | 0.7          | 2,812,210          | 0.7          |
| Textiles                                  | 1,961,281          | 0.5          | 2,374,860          | 0.6          |
| Agriculture                               | 1,994,657          | 0.5          | 2,498,668          | 0.7          |
| Oil, derivatives and aggregate activities | 1,820,208          | 0.5          | 2,348,986          | 0.6          |
| Other industries                          | 25,648,066         | 6.6          | 22,176,380         | 5.9          |
| <b>Individuals</b>                        | <b>181,051,161</b> | <b>46.4</b>  | <b>170,324,929</b> | <b>45.4</b>  |
| <b>Total</b>                              | <b>390,105,004</b> | <b>100.0</b> | <b>375,074,608</b> | <b>100.0</b> |

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**Notes to the Consolidated Financial Statements****f) Breakdown of loans and allowance for loan losses**

On June 30 - R\$ thousand

| Level of risk | Portfolio balance     |                          |                              |                  |             |       | % 2018  | % 2017  |
|---------------|-----------------------|--------------------------|------------------------------|------------------|-------------|-------|---------|---------|
|               | Non-performing loans  |                          |                              | Performing loans | Total       | % (1) | YTD (2) | YTD (2) |
|               | Installments past due | Installments not yet due | Total - non-performing loans |                  |             |       |         |         |
| AA            | -                     | -                        | -                            | 125,325,632      | 125,325,632 | 32.1  | 32.1    | 30.6    |
| A             | -                     | -                        | -                            | 129,246,490      | 129,246,490 | 33.1  | 65.2    | 63.5    |
| B             | 425,449               | 1,218,336                | 1,643,785                    | 43,485,253       | 45,129,038  | 11.6  | 76.8    | 75.7    |
| C             | 973,491               | 3,015,406                | 3,988,897                    | 41,651,447       | 45,640,344  | 11.7  | 88.5    | 87.3    |
| Subtotal      | 1,398,940             | 4,233,742                | 5,632,682                    | 339,708,822      | 345,341,504 | 88.5  |         |         |
| D             | 1,627,512             | 2,014,099                | 3,641,611                    | 7,522,788        | 11,164,399  | 2.9   | 91.4    | 90.6    |
| E             | 792,682               | 1,412,330                | 2,205,012                    | 5,650,899        | 7,855,911   | 2.0   | 93.4    | 92.6    |
| F             | 1,479,706             | 1,229,427                | 2,709,133                    | 2,250,030        | 4,959,163   | 1.3   | 94.7    | 93.6    |
| G             | 884,769               | 1,199,366                | 2,084,135                    | 1,042,136        | 3,126,271   | 0.8   | 95.5    | 94.5    |
| H             | 6,143,562             | 5,259,655                | 11,403,217                   | 6,254,539        | 17,657,756  | 4.5   | 100.0   | 100.0   |
| Subtotal      | 10,928,231            | 11,114,877               | 22,043,108                   | 22,720,392       | 44,763,500  | 11.5  |         |         |
| Total in 2018 | 12,327,171            | 15,348,619               | 27,675,790                   | 362,429,214      | 390,105,004 | 100.0 |         |         |
| %             | 3.2                   | 3.9                      | 7.1                          | 92.9             | 100.0       |       |         |         |
| Total in 2017 | 14,225,304            | 17,502,858               | 31,728,162                   | 343,346,446      | 375,074,608 |       |         |         |
| %             | 3.8                   | 4.7                      | 8.5                          | 91.5             | 100.0       |       |         |         |

(1) Percentage of level of risk in relation to the total portfolio; and

(2) Cumulative percentage of level of risk on total portfolio.

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**Notes to the Consolidated Financial Statements**

On June 30 - R\$ thousand

| Level of risk | % Minimum provisioning required | Provision             |                                   |                |            |            |           |            | % 2018 YTD (1) | % 2017 YTD (1) |
|---------------|---------------------------------|-----------------------|-----------------------------------|----------------|------------|------------|-----------|------------|----------------|----------------|
|               |                                 | Minimum required      |                                   |                |            | Excess     | Existing  |            |                |                |
|               |                                 | Installments past due | Specific Installments not yet due | Total specific | Generic    |            |           | Total      |                |                |
| AA            | -                               | -                     | -                                 | -              | -          | -          | -         | -          | -              | -              |
| A             | 0.5                             | -                     | -                                 | -              | 646,232    | 646,232    | 83,330    | 729,562    | 0.6            |                |
| B             | 1.0                             | 4,255                 | 12,183                            | 16,438         | 434,853    | 451,291    | 35,273    | 486,564    | 1.1            |                |
| C             | 3.0                             | 29,205                | 90,462                            | 119,667        | 1,249,543  | 1,369,210  | 140,845   | 1,510,055  | 3.3            |                |
| Subtotal      |                                 | 33,460                | 102,645                           | 136,105        | 2,330,628  | 2,466,733  | 259,448   | 2,726,181  | 0.8            |                |
| D             | 10.0                            | 162,751               | 201,410                           | 364,161        | 752,279    | 1,116,440  | 557,161   | 1,673,601  | 15.0           | 1              |
| E             | 30.0                            | 237,805               | 423,699                           | 661,504        | 1,695,270  | 2,356,774  | 2,885,952 | 5,242,726  | 66.7           | 7              |
| F             | 50.0                            | 739,853               | 614,714                           | 1,354,567      | 1,125,015  | 2,479,582  | 2,341,624 | 4,821,206  | 97.2           | 9              |
| G             | 70.0                            | 619,338               | 839,556                           | 1,458,894      | 729,495    | 2,188,389  | 842,786   | 3,031,175  | 97.0           | 9              |
| H             | 100.0                           | 6,143,562             | 5,259,655                         | 11,403,217     | 6,254,539  | 17,657,756 | -         | 17,657,756 | 100.0          | 10             |
| Subtotal      |                                 | 7,903,309             | 7,339,034                         | 15,242,343     | 10,556,598 | 25,798,941 | 6,627,523 | 32,426,464 | 72.4           | 7              |
| Total in 2018 |                                 | 7,936,769             | 7,441,679                         | 15,378,448     | 12,887,226 | 28,265,674 | 6,886,971 | 35,152,645 | 9.0            |                |
| %             |                                 | 22.5                  | 21.2                              | 43.7           | 36.7       | 80.4       | 19.6      | 100.0      |                |                |
| Total in 2017 |                                 | 9,823,513             | 8,877,962                         | 18,701,475     | 11,837,048 | 30,538,523 | 6,913,974 | 37,452,497 |                | 1              |
| %             |                                 | 26.2                  | 23.7                              | 49.9           | 31.6       | 81.5       | 18.5      | 100.0      |                |                |

(1) Percentage of existing provision in relation to total portfolio, by level of risk.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal C

**Notes to the Consolidated Financial Statements****g) Changes in allowance for loan losses**

|   |                   | R\$ thousand      |
|---|-------------------|-------------------|
|   | 2018              | 2017              |
| - Specific provision (1)  | 16,828,454        | 22,386,423        |
| - Generic provision (2)   | 12,699,936        | 10,737,580        |
| - Excess provision (3) (4)  | 6,895,477         | 7,490,351         |
| - Loans   | 6,895,477         | 4,429,361         |
| - Guarantees provided (4)   | -                 | 3,060,990         |
| <b>Opening balance on December 31</b>                             | <b>36,423,867</b> | <b>40,614,354</b> |
| Accounting for allowance for loan losses (Note 9h-1) (5)          | 8,928,778         | 14,790,527        |
| Accounting for/reversal of provisions for guarantees provided (4) | -                 | (3,060,990)       |
| Net write-offs/other  | (10,200,000)      | (14,891,394)      |
| <b>Closing balance on June 30</b>                                 | <b>35,152,645</b> | <b>37,452,497</b> |
| - Specific provision (1)  | 15,378,448        | 18,701,475        |
| - Generic provision (2)   | 12,887,226        | 11,837,048        |
| - Excess provision (3)  | 6,886,971         | 6,913,974         |

(1) For contracts with installments past due for more than 14 days;

(2) Recognized based on the customer/transaction classification and therefore not included in the preceding item;

(3) The excess provision is recognized based on Management's experience and the expectation in relation to the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, when considered together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by Resolution No. 2,682/99. The excess provision per customer was classified according to the level of risk (Note 9f);

(4) Up to December 31, 2016, included the constitution of provision for guarantees provided, encompassing sureties, guarantees, credit letters, and standby letter of credit, which comprises the concept of "excess" provision that totaled R\$3,060,990 thousand. In accordance with Resolution No. 4,512/16, in the first quarter of 2017, part of this balance (R\$604,623 thousand) was allocated to a specific account under "Other Liabilities - Sundry" (Note 20b), and the remaining balance (R\$2,456,367 thousand) was allocated to "Excess Provision - Loans"; and

(5) Includes, in the first semester of 2017, the formation of allowance for loan losses, in the amount of R\$2,456,367 thousand, as a result of the adequacy of the provision for guarantees provided, already mentioned in the previous item.

**h) Allowance for Loan Losses expense net of amounts recovered**

Expenses with the allowance for loan losses, net of credit write-offs recovered, are as follows.

|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|---|---|------------------|
|   | <b>2018</b>   | <b>2017</b>      |
| Amount recognized (1)   | 8,928,778   | 12,334,160       |
| Amount recovered (2) (3)  | (3,081,988)   | (3,613,145)      |
| <b>Allowance for Loan Losses expense net of amounts recovered</b> | <b>5,846,790</b>  | <b>8,721,015</b> |

(1) In the first semester of 2017, it refers to the formation of allowance for loan losses, in the amount of R\$14,790,527 thousand, excluding the portion related to the adequacy of the provision for guarantees provided, in the amount of R\$2,456,367 thousand (Note 9g);

(2) Classified in income from loans (Note 9j); and

(3) In the first semester of 2018, credit was granted for operations already written-off for losses, without the retention of risks and benefits, in the amount of R\$8,849,035 thousand (2017 – R\$3,324,546 thousand), whose sale value was R\$155,490 thousand (2017 – R\$35,393 thousand).

#### i) Changes in the renegotiated portfolio

|                                       | On June 30 - R\$ thousand |                   |
|---------------------------------------|---------------------------|-------------------|
|                                       | <b>2018</b>               | <b>2017</b>       |
| <b>Opening balance on December 31</b> | <b>17,183,869</b>         | <b>17,501,423</b> |
| Amount renegotiated                   | 7,361,730                 | 8,967,012         |
| Amount received                       | (4,379,099)               | (5,246,690)       |
| Write-offs                            | (2,979,635)               | (3,025,781)       |
| <b>Closing balance on June 30</b>     | <b>17,186,865</b>         | <b>18,195,964</b> |
| Allowance for loan losses             | 13,338,338                | 13,710,615        |
| Percentage on renegotiated portfolio  | 77.6%                     | 75.3%             |

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**otes to the Consolidated Financial Statements****j) Income from loans and leases**

|   | In the six month period ended<br>June 30 - R\$ thousand |                   |
|---|---|-------------------|
|   | <b>2018</b>   | <b>2017</b>       |
| Discounted trade receivables and loans    | 22,233,630  | 24,660,926        |
| Financing                                 | 7,687,919   | 8,541,308         |
| Agricultural and agribusiness loans       | 944,575   | 837,771           |
| <b>Subtotal</b>                           | <b>30,866,124</b>                                       | <b>34,040,005</b> |
| Recovery of credits charged-off as losses | 3,081,988   | 3,613,145         |
| <b>Subtotal</b>                           | <b>33,948,112</b>                                       | <b>37,653,150</b> |
| Leases, net of expenses                   | 109,970   | 144,686           |
| <b>Total</b>                              | <b>34,058,082</b>                                       | <b>37,797,836</b> |

**10) OTHER RECEIVABLES****a) Foreign exchange portfolio****Balances**

|  | On June 30 - R\$ thousand |                   |
|--|---------------------------|-------------------|
|  | <b>2018</b>               | <b>2017</b>       |
| <b>Assets – other receivables</b>                            |                           |                   |
| Exchange purchases pending settlement                        | 23,199,914                | 13,857,981        |
| Foreign exchange and forward documents in foreign currencies | 13,581                    | 17,894            |
| Exchange sale receivables                                    | 7,896,854                 | 3,568,514         |
| (-) Advances in domestic currency received                   | (380,749)                 | (202,110)         |
| Income receivable on advances granted                        | 213,019                   | 159,827           |
| <b>Total</b>   | <b>30,942,619</b>         | <b>17,402,106</b> |
| <b>Liabilities – other liabilities</b>                       |                           |                   |
| Exchange sales pending settlement                            | 8,400,162                 | 3,591,982         |
| Exchange purchase payables                                   | 20,874,410                | 13,475,321        |
| (-) Advances on foreign exchange contracts                   | (13,126,739)              | (9,964,410)       |
| Other  | 3,321                     | 2,642             |
| <b>Total</b>   | <b>16,151,154</b>         | <b>7,105,535</b>  |



|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| <b>Net foreign exchange portfolio</b> | <b>14,791,465</b> | <b>10,296,571</b> |
| <b>Off-balance-sheet accounts:</b>    |                   |                   |
| - Loans available for import          | 399,853           | 299,127           |
| - Confirmed exports loans             | 82,791            | 42,065            |

**Foreign exchange results****Adjusted foreign exchange results for presentation purposes**

|   |   |                  |
|---|---|------------------|
|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|   | <b>2018</b>   | <b>2017</b>      |
| <b>Foreign exchange income</b>                                | <b>548,796</b>  | <b>1,197,531</b> |
| <b>Adjustments:</b>   |   |                  |
| - Income on foreign currency financing (1)                    | 117,450   | 87,591           |
| - Income on export financing (1)                              | 795,112   | 1,141,892        |
| - Expenses of liabilities with foreign bankers (2) (Note 16c) | (339,639)   | (670,637)        |
| - Funding expenses (3)  | (437,210)   | (898,476)        |
| - Other (4)   | 384,187   | 9,119            |
| <b>Total adjustments</b>                                      | <b>519,900</b>  | <b>(330,511)</b> |
| <b>Adjusted foreign exchange income</b>                       | <b>1,068,696</b>  | <b>867,020</b>   |

(1) Recognized in "Income from loans";

(2) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and on-lending expenses";

(3) Refers to funding expenses of investments in foreign exchange; and

(4) Primarily includes the exchange rate variations of resources invested in foreign currency.

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**Notes to the Consolidated Financial Statements****b) Sundry**

|                                 | On June 30 - R\$ thousand |                    |
|---------------------------------|---------------------------|--------------------|
|                                 | <b>2018</b>               | <b>2017</b>        |
| Deferred tax assets (Note 33c)  | 57,031,670                | 53,440,286         |
| Credit card operations          | 26,466,763                | 25,952,641         |
| Debtors for escrow deposits     | 18,381,584                | 17,217,696         |
| Trade and credit receivables    | 10,101,710                | 6,989,931          |
| Prepaid taxes                   | 11,971,106                | 7,089,264          |
| Other debtors                   | 4,240,722                 | 4,259,311          |
| Payments to be reimbursed       | 1,169,262                 | 726,571            |
| Receivables from sale of assets | 211,910                   | 149,750            |
| Other                           | 924,694                   | 944,496            |
| <b>Total</b>                    | <b>130,499,421</b>        | <b>116,769,946</b> |

**11) OTHER ASSETS****a) Foreclosed assets/other**

|                                     |                  |                      | On June 30 - R\$ thousand  |                  |
|-------------------------------------|------------------|----------------------|----------------------------|------------------|
|                                     | Cost             | Provision for losses | Cost net of provision 2018 | 2017             |
| Real estate                         | 1,568,670        | (338,262)            | 1,230,408                  | 1,300,798        |
| Vehicles and similar                | 610,444          | (343,811)            | 266,633                    | 316,353          |
| Goods subject to special conditions | 724,579          | (724,579)            | -                          | -                |
| Inventories/warehouse               | 20,850           | -                    | 20,850                     | 29,017           |
| Machinery and equipment             | 9,479            | (8,508)              | 971                        | 1,320            |
| Other                               | 23,132           | (21,918)             | 1,214                      | 2,950            |
| <b>Total in 2018</b>                | <b>2,957,154</b> | <b>(1,437,078)</b>   | <b>1,520,076</b>           |                  |
| <b>Total in 2017</b>                | <b>2,970,686</b> | <b>(1,320,248)</b>   |                            | <b>1,650,438</b> |

**b) Prepaid expenses**

|  | On June 30 - R\$ thousand |                  |
|--|---------------------------|------------------|
|  | <b>2018</b>               | <b>2017</b>      |
| Deferred insurance acquisition costs (1)               | 1,001,111                 | 1,324,510        |
| Commission on the placement of loans and financing (2) | 462,456                   | 477,827          |
| Advertising and marketing expenses (3)                 | 146,674                   | 57,349           |
| Other (4)  | 1,019,875                 | 1,090,844        |
| <b>Total</b>   | <b>2,630,116</b>          | <b>2,950,530</b> |

(1) Commissions paid to brokers and representatives on sale of insurance, pension plans and capitalization bond products;

(2) Commissions paid to storeowners, car dealers and correspondent banks – payroll-deductible loans;

(3) Prepaid expenses of future advertising and marketing campaigns on media; and

(4) It includes, primarily: (i) anticipation of commissions concerning the operational agreement to offer credit cards and other products; and (ii) card issue costs.

## 12) INVESTMENTS

### a) Composition of investments in the consolidated financial statements

| <b>Associates and Jointly Controlled Companies</b>  | On June 30 - R\$ thousand |                  |
|---|---------------------------|------------------|
|   | <b>2018</b>               | <b>2017</b>      |
| - Cielo S.A.  | 4,353,993                 | 4,118,924        |
| - Elo Participações S.A.  | 1,185,702                 | 1,027,388        |
| - Fleury S.A.   | 670,595                   | 650,348          |
| - IRB-Brasil Resseguros S.A.  | 511,188                   | 671,112          |
| - Swiss Re Corporate Solutions Brasil   | 458,254                   | -                |
| - Aquarius Participações S.A.   | 316,051                   | 312,800          |
| - Haitong Banco de Investimento do Brasil S.A.  | 102,958                   | 116,760          |
| - Others  | 397,398                   | 371,671          |
| <b>Total investment in Associates and Jointly Controlled Companies – in Brazil and Overseas</b> | <b>7,996,139</b>          | <b>7,269,003</b> |
| - Tax incentives  | 234,717                   | 234,717          |
| - Other investments   | 169,243                   | 168,717          |
| Provision for:  |                           |                  |
| - Tax incentives  | (207,933)                 | (207,933)        |
| - Other investments   | (46,802)                  | (46,820)         |
| <b>Total investments</b>  | <b>8,145,364</b>          | <b>7,417,684</b> |

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**Notes to the Consolidated Financial Statements**

**b)** The income/expense from the equity method accounting of investments was recognized in the statement of income, under "Share of profit (loss) of unconsolidated and jointly controlled companies", and are demonstrated below:

| Companies  | Capital   | Shareholders' equity adjusted | In the six month period ended June 30 - R\$ thousand |                   |   |                 |                                   |                |
|--|-----------|-------------------------------|--|-------------------|---|-----------------|-----------------------------------|----------------|
|  |           |                               | Number of shares/quotas held (in thousands)          |                   | Equity interest consolidated on capital stock | Adjusted income | Equity accounting adjustments (1) |                |
|  |           |                               | Ordinary (ON)  | Preferential (PN) |   |                 | 2018                              | 2017           |
|  |           |                               |  |                   |   |                 |                                   |                |
| - Elo Participações S.A. (2)   | 1,052,000 | 2,370,930                     | 372  | -                 | 50.01%  | 282,078         | 141,067                           | 104,471        |
| - Aquarius Participações S.A.  | 518,592   | 645,002                       | 254,110  | -                 | 49.00%  | 106,982         | 52,421                            | 49,168         |
| - Haitong Banco de Investimento do Brasil S.A.                                   | 420,000   | 514,790                       | 12,734   | 12,734            | 20.00%  | (6,985)         | (1,397)                           | (10,544)       |
| - Others (3)   |           |                               |  |                   |   |                 | 583,698                           | 551,361        |
| <b>Share of profit (loss) of unconsolidated and jointly controlled companies</b> |           |                               |  |                   |   |                 | <b>775,789</b>                    | <b>694,456</b> |

(1) The adjustment considers income calculated periodically by the companies and includes equity variations recognized by the investees not recognized in profit or loss, as well as alignment of accounting practice adjustments, where applicable;

(2) Investment in jointly controlled companies; and

(3) Includes, primarily, the adjustments resulting from the assessment by the equity method in public companies (Cielo S.A., Fleury S.A. and IRB-Brasil Resseguros S.A.).

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**Notes to the Consolidated Financial Statements****13) PREMISES AND EQUIPMENT**

|  | Annual rate | Cost              | Depreciation       | On June 30 - R\$ thousand        |                  |
|--|-------------|-------------------|--------------------|----------------------------------|------------------|
|  |             |                   |                    | Cost net of depreciation<br>2018 | 2017             |
| Property and equipment:                          |             |                   |                    |                                  |                  |
| - Buildings                                      | 4%          | 2,224,187         | (678,119)          | 1,546,068                        | 1,177,292        |
| - Land   | -           | 899,779           | -                  | 899,779                          | 854,333          |
| Facilities, furniture and premises and equipment | 10%         | 5,222,406         | (2,896,397)        | 2,326,009                        | 2,460,917        |
| Security and communication systems               | 10%         | 361,425           | (224,229)          | 137,196                          | 137,586          |
| Data processing systems                          | 20 to 40%   | 7,549,605         | (4,954,236)        | 2,595,369                        | 2,503,287        |
| Transportation systems                           | 10 to 20%   | 88,709            | (54,397)           | 34,312                           | 43,856           |
| Fixed Assets in course                           | -           | 53,835            | -                  | 53,835                           | 181,598          |
| <b>Total in 2018</b>                             |             | <b>16,399,946</b> | <b>(8,807,378)</b> | <b>7,592,568</b>                 |                  |
| <b>Total in 2017</b>                             |             | <b>15,009,233</b> | <b>(7,650,364)</b> |                                  | <b>7,358,869</b> |

The fixed assets to shareholders' equity ratio is 44.9% when considering only the companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0%.

**14) INTANGIBLE ASSETS****a) Goodwill**

The goodwill recognized from investment acquisitions totaled R\$7,926,986 thousand, net of accumulated amortization, as applicable, of which: (i) R\$1,830,861 thousand recognized in 'Permanent Assets – Investments' arose from the acquisition of shares of associates and jointly controlled companies (Cielo/Fleury/Swiss Re); and (ii) R\$6,096,125 thousand arose from the acquisition of shares of subsidiaries/shared control, relating to the future profitability/client portfolio/fair value, which is amortized in up to twenty years, net of accrued amortizations, if applicable, recognized in Fixed Assets – Intangible Assets.

During the first semester of 2018, goodwill was amortized totaling R\$1,255,491 thousand (R\$1,184,031 thousand in 2017) (Note 28).

## b) Intangible assets

Acquired intangible assets consist of:

|  | Rate of<br>Amortization<br>(1) | Cost              | Amortization        | On June 30 - R\$ thousand   |                   |
|--|--------------------------------|-------------------|---------------------|-----------------------------|-------------------|
|  |                                |                   |                     | Cost net of<br>amortization |                   |
|  |                                |                   |                     | 2018                        | 2017              |
| Acquisition of financial services rights | Contract                       | 5,847,062         | (2,083,588)         | 3,763,474                   | 2,109,323         |
| Software (2)                             | 20%                            | 11,861,330        | (8,348,403)         | 3,512,927                   | 3,827,855         |
| Goodwill (3)                             | Up to 20%                      | 11,496,767        | (5,400,642)         | 6,096,125                   | 8,660,768         |
| Other                                    | Contract                       | 65,600            | (31,648)            | 33,952                      | 51,530            |
| <b>Total in 2018</b>                     |                                | <b>29,270,759</b> | <b>(15,864,281)</b> | <b>13,406,478</b>           |                   |
| <b>Total in 2017</b>                     |                                | <b>27,008,380</b> | <b>(12,358,904)</b> |                             | <b>14,649,476</b> |

(1) Intangible assets are amortized over an estimated period of economic benefit and recognized in "other administrative expenses" and "other operating expenses", where applicable;

(2) Software acquired and/or developed by specialized companies; and

(3) On June 30, 2018, primarily composed of goodwill on the acquisition of equity interest in Bradescard - R\$574,764 thousand, Odontoprev - R\$64,304 thousand, Bradescard Mexico - R\$16,163 thousand, Europ Assistance - R\$1,849 thousand, Bradesco BBI S.A. - R\$108,789 thousand and Kirton Bank - R\$5,321,860 thousand.

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**Notes to the Consolidated Financial Statements****c) Changes in intangible assets by type**

|  | On June 30 - R\$ thousand  |                                     |  |                            |
|--|----------------------------|-------------------------------------|--|----------------------------|
|  | <b>Opening<br/>balance</b> | <b>Additions /<br/>(reductions)</b> | <b>Amortization<br/>for the period</b> | <b>Closing<br/>balance</b> |
| Acquisition of financial services rights                     | 4,051,898                  | 250,115                             | (538,539)                              | 3,763,474                  |
| Software   | 3,790,418                  | 383,415                             | (660,906)                              | 3,512,927                  |
| Goodwill – Future profitability                              | 3,761,412                  | 4,191                               | (458,265)                              | 3,307,338                  |
| Goodwill – Based on intangible assets and<br>other reasons   | 2,548,412                  | -                                   | (466,777)                              | 2,081,635                  |
| Goodwill – Difference in fair value of<br>assets/liabilities | 1,048,717                  | (11,116)                            | (330,449)                              | 707,152                    |
| Other  | 32,993                     | 4,038                               | (3,079)                                | 33,952                     |
| <b>Total in 2018</b>   | <b>15,233,850</b>          | <b>630,643</b>                      | <b>(2,458,015)</b>                     | <b>13,406,478</b>          |
| <b>Total in 2017</b>   | <b>16,338,785</b>          | <b>660,710</b>                      | <b>(2,350,019)</b>                     | <b>14,649,476</b>          |

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**Notes to the Consolidated Financial Statements****15) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES****a) Deposits**

| On June 30 - R\$ thousand |                         |                           |                            |                               |                    |                    |
|---------------------------|-------------------------|---------------------------|----------------------------|-------------------------------|--------------------|--------------------|
|                           | <b>1 to 30<br/>days</b> | <b>31 to 180<br/>days</b> | <b>181 to 360<br/>days</b> | <b>More than<br/>360 days</b> | <b>2018</b>        | <b>2017</b>        |
| Demand deposits (1)       | 31,216,803              | -                         | -                          | -                             | 31,216,803         | 30,607,724         |
| Savings deposits (1)      | 103,076,706             | -                         | -                          | -                             | 103,076,706        | 95,736,763         |
| Interbank deposits        | 1,202,201               | 397,396                   | 18,593                     | 27,711                        | 1,645,901          | 530,268            |
| Time deposits (2)         | 12,080,437              | 13,444,159                | 13,348,086                 | 124,332,164                   | 163,204,846        | 133,323,857        |
| <b>Total in 2018</b>      | <b>147,576,147</b>      | <b>13,841,555</b>         | <b>13,366,679</b>          | <b>124,359,875</b>            | <b>299,144,256</b> |                    |
| <b>%</b>                  | <b>49.3</b>             | <b>4.6</b>                | <b>4.5</b>                 | <b>41.6</b>                   | <b>100.0</b>       |                    |
| <b>Total in 2017</b>      | <b>134,612,567</b>      | <b>13,178,067</b>         | <b>9,462,504</b>           | <b>102,945,474</b>            |                    | <b>260,198,612</b> |
| <b>%</b>                  | <b>51.7</b>             | <b>5.1</b>                | <b>3.6</b>                 | <b>39.6</b>                   |                    | <b>100.0</b>       |

(1) Classified as 1 to 30 days, not considering average historical turnover; and

(2) Considers the actual maturities of the investments.

**b) Securities sold under agreements to repurchase**

| On June 30 - R\$ thousand         |                         |                           |                            |                               |                    |                    |
|-----------------------------------|-------------------------|---------------------------|----------------------------|-------------------------------|--------------------|--------------------|
|                                   | <b>1 to 30<br/>days</b> | <b>31 to 180<br/>days</b> | <b>181 to 360<br/>days</b> | <b>More than<br/>360 days</b> | <b>2018</b>        | <b>2017</b>        |
| <b>Own portfolio</b>              | <b>110,105,526</b>      | <b>10,328,891</b>         | <b>3,768,231</b>           | <b>2,334,442</b>              | <b>126,537,090</b> | <b>100,900,029</b> |
| Government securities             | 99,413,361              | 227,315                   | 31,247                     | -                             | 99,671,923         | 48,963,151         |
| Debentures of own issuance        | 3,246,250               | 8,453,508                 | 3,736,984                  | 1,379,020                     | 16,815,762         | 45,712,666         |
| Foreign                           | 7,445,915               | 1,648,068                 | -                          | 955,422                       | 10,049,405         | 6,224,212          |
| <b>Third-party portfolio (1)</b>  | <b>68,804,954</b>       | <b>392,858</b>            | <b>-</b>                   | <b>-</b>                      | <b>69,197,812</b>  | <b>124,405,286</b> |
| <b>Unrestricted portfolio (1)</b> | <b>6,915,006</b>        | <b>11,512</b>             | <b>-</b>                   | <b>-</b>                      | <b>6,926,518</b>   | <b>11,239,069</b>  |
| <b>Total in 2018</b>              | <b>185,825,486</b>      | <b>10,733,261</b>         | <b>3,768,231</b>           | <b>2,334,442</b>              | <b>202,661,420</b> |                    |
| <b>%</b>                          | <b>91.6</b>             | <b>5.3</b>                | <b>1.9</b>                 | <b>1.2</b>                    | <b>100.0</b>       |                    |
| <b>Total in 2017</b>              | <b>190,628,589</b>      | <b>20,045,847</b>         | <b>12,085,461</b>          | <b>13,784,487</b>             |                    | <b>236,544,384</b> |
| <b>%</b>                          | <b>80.6</b>             | <b>8.5</b>                | <b>5.1</b>                 | <b>5.8</b>                    |                    | <b>100.0</b>       |



(1) Represented by government securities.

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**Notes to the Consolidated Financial Statements****c) Funds from issuance of securities**

|  | On June 30 - R\$ thousand |                   |                    |                       |                    |                    |
|--|---------------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|
|  | 1 to 30<br>days           | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | 2018               | 2017               |
| <b>Securities – Brazil:</b>  |                           |                   |                    |                       |                    |                    |
| - Financial bills  | 3,308,679                 | 30,033,155        | 12,853,233         | 64,904,278            | 111,099,345        | 92,402,618         |
| - Letters of credit for real estate                                    | 2,472,432                 | 7,794,479         | 9,370,956          | 6,218,962             | 25,856,829         | 25,885,306         |
| - Letters of credit for agribusiness                                   | 2,149,968                 | 5,379,240         | 3,046,861          | 1,835,458             | 12,411,527         | 7,338,033          |
| <b>Subtotal</b>  | <b>7,931,079</b>          | <b>43,206,874</b> | <b>25,271,050</b>  | <b>72,958,698</b>     | <b>149,367,701</b> | <b>125,625,957</b> |
| <b>Securities – Overseas:</b>  |                           |                   |                    |                       |                    |                    |
| - Securitization of future flow of money orders received from overseas | 12,263                    | 585,714           | 470,040            | 1,197,297             | 2,265,314          | 2,718,792          |
| - MTN Program Issues (1)   | 2,290                     | 39,932            | -                  | 1,114,664             | 1,156,886          | 286,587            |
| - Issuance costs   | -                         | -                 | -                  | (19,593)              | (19,593)           | (24,542)           |
| <b>Subtotal</b>  | <b>14,553</b>             | <b>625,646</b>    | <b>470,040</b>     | <b>2,292,368</b>      | <b>3,402,607</b>   | <b>2,980,837</b>   |
| <b>Structured Operations Certificates</b>                              | <b>6,196</b>              | <b>75,858</b>     | <b>313,784</b>     | <b>136,564</b>        | <b>532,402</b>     | <b>399,739</b>     |
| <b>Total in 2018</b>   | <b>7,951,828</b>          | <b>43,908,378</b> | <b>26,054,874</b>  | <b>75,387,630</b>     | <b>153,302,710</b> |                    |
| <b>%</b>   | <b>5.2</b>                | <b>28.6</b>       | <b>17.0</b>        | <b>49.2</b>           | <b>100.0</b>       |                    |
| <b>Total in 2017</b>   | <b>7,538,842</b>          | <b>34,132,101</b> | <b>30,806,616</b>  | <b>56,528,974</b>     |                    | <b>129,006,533</b> |
| <b>%</b>   | <b>5.8</b>                | <b>26.5</b>       | <b>23.9</b>        | <b>43.8</b>           |                    | <b>100.0</b>       |

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, predominately in the medium and long-term.

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**Notes to the Consolidated Financial Statements****d) Movement of funds from issuance of securities**

|                                       |                    | R\$ thousand       |
|---------------------------------------|--------------------|--------------------|
|                                       | <b>2018</b>        | <b>2017</b>        |
| <b>Opening balance on December 31</b> | <b>135,011,308</b> | <b>150,807,358</b> |
| Issuance                              | 51,327,057         | 24,748,158         |
| Interest                              | 4,561,679          | 7,553,334          |
| Settlement and interest payments      | (38,107,061)       | (54,189,925)       |
| Exchange variation                    | 509,727            | 87,608             |
| <b>Closing balance on June 30</b>     | <b>153,302,710</b> | <b>129,006,533</b> |

**e) Cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds**

|  | In the six month period ended<br>June 30 - R\$ thousand |                   |
|--|---|-------------------|
|  | <b>2018</b>   | <b>2017</b>       |
| Savings deposits   | 2,300,039   | 3,053,831         |
| Time deposits  | 2,530,805   | 4,395,784         |
| Securities sold under agreements to repurchase   | 7,966,325   | 12,445,548        |
| Funds from issuance of securities  | 4,561,679   | 7,553,334         |
| Subordinated debts (Note 18)   | 1,737,414   | 2,877,207         |
| Other funding expenses   | 365,976   | 283,817           |
| <b>Subtotal</b>  | <b>19,462,238</b>                                       | <b>30,609,521</b> |
| <b>Cost for inflation and interest adjustment of technical provisions of insurance, pension plans and capitalization bonds</b> | <b>5,702,616</b>  | <b>9,610,905</b>  |
| <b>Total</b>   | <b>25,164,854</b>                                       | <b>40,220,426</b> |

**16) BORROWING AND ON-LENDING****a) Borrowing**

On June 30 - R\$ thousand

| <b>2018</b> | <b>2017</b> |
|-------------|-------------|
|-------------|-------------|

|                                       | 1 to 30<br>days | 31 to 180<br>days | 181 to 360<br>days | More<br>than 360<br>days |            |            |
|---------------------------------------|-----------------|-------------------|--------------------|--------------------------|------------|------------|
| <b>In Brazil - Other Institutions</b> | -               | -                 | -                  | -                        | -          | 4,595      |
| <b>Overseas</b>                       | 4,310,302       | 9,131,226         | 11,236,271         | 655,832                  | 25,333,631 | 23,428,759 |
| <b>Total in 2018</b>                  | 4,310,302       | 9,131,226         | 11,236,271         | 655,832                  | 25,333,631 |            |
| <b>%</b>                              | 17.0            | 36.0              | 44.4               | 2.6                      | 100.0      |            |
| <b>Total in 2017</b>                  | 4,601,032       | 11,453,977        | 5,456,273          | 1,922,072                |            | 23,433,354 |
| <b>%</b>                              | 19.6            | 48.9              | 23.3               | 8.2                      |            | 100.0      |

**b) On-lending**

|                      | On June 30 - R\$ thousand |                   |                    |                       |            |            |
|----------------------|---------------------------|-------------------|--------------------|-----------------------|------------|------------|
|                      | 1 to 30<br>days           | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | 2018       | 2017       |
| <b>In Brazil</b>     | 944,581                   | 3,569,356         | 3,375,295          | 18,144,786            | 26,034,018 | 33,113,627 |
| - FINAME             | 517,172                   | 2,441,059         | 2,310,822          | 9,888,333             | 15,157,386 | 18,624,785 |
| - BNDES              | 427,216                   | 1,128,297         | 1,024,916          | 8,256,453             | 10,836,882 | 14,423,109 |
| - National Treasury  | -                         | -                 | 38,238             | -                     | 38,238     | 64,143     |
| - Other institutions | 193                       | -                 | 1,319              | -                     | 1,512      | 1,590      |
| <b>Total in 2018</b> | 944,581                   | 3,569,356         | 3,375,295          | 18,144,786            | 26,034,018 |            |
| <b>%</b>             | 3.6                       | 13.7              | 13.0               | 69.7                  | 100.0      |            |
| <b>Total in 2017</b> | 1,324,226                 | 4,490,188         | 5,410,342          | 21,888,871            |            | 33,113,627 |
| <b>%</b>             | 4.0                       | 13.6              | 16.3               | 66.1                  |            | 100.0      |

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**Notes to the Consolidated Financial Statements****c) Borrowing and on-lending expenses**

|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|---|---|------------------|
|   | <b>2018</b>   | <b>2017</b>      |
| <b>Borrowing:</b>   |   |                  |
| - In Brazil   | 99,704  | 404,799          |
| - Overseas  | 8,336,399   | 865,869          |
| - Exchange variation from assets and liabilities overseas | (4,011,644)   | (260,729)        |
| <b>Subtotal borrowing</b>                                 | <b>4,424,459</b>  | <b>1,009,939</b> |
| <b>On-lending in Brazil:</b>                              |   |                  |
| - BNDES   | 444,164   | 594,927          |
| - FINAME  | 391,407   | 352,380          |
| - National Treasury                                       | 1,714   | 3,146            |
| - Other institutions                                      | 2   | 24               |
| <b>On-lending overseas:</b>                               |   |                  |
| - Payables to foreign bankers (Note 10a)                  | 339,639   | 670,637          |
| <b>Subtotal on-lending</b>                                | <b>1,176,926</b>  | <b>1,621,114</b> |
| <b>Total</b>  | <b>5,601,385</b>  | <b>2,631,053</b> |

**17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL SECURITY****a) Contingent assets**

Contingent assets are not recognized in the financial statements. However, there are ongoing proceedings where the chance of success is considered probable, but the amounts are not material, such as: a) Social Integration Program (PIS), Bradesco has made a claim to offset PIS against Gross Operating Income, paid under Decree-Laws No. 2,445/88 and No. 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law No. 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

**b) Provisions classified as probable losses and legal obligations – tax and social security**

The Organization is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.

Management recognized provisions where, based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable.

Management considers that the provision is sufficient to cover the future losses generated by the respective lawsuits.

Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation.

#### **I - Labor claims**

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid "overtime", pursuant to Article 224 of the Consolidation of Labor Laws (CLT). In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits. For proceedings with similar characteristics and for which there has been no official court decision, the provision is recognized based on the average calculated value of payments made for labor complaints settled in the past 12 months; and for proceedings originating from acquired banks, with unique characteristics, the calculation and assessment of the required balance is conducted periodically, based on the updated recent loss history.

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Overtime is monitored by using electronic time cards and paid regularly during the employment contract and, accordingly, the claims filed by former employees do not represent significant amounts.

## **II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not have a significant impact on the Organization's financial position.

There are a significant number of legal claims pleading alleged differences in adjustment for inflation on savings account balances due to the implementation of economic plans that were part of the federal government's economic policy to reduce inflation in the '80s and '90s.

Although Bradesco complied with the law and regulation in force at the time, these lawsuits have been recognized in provisions, taking into consideration the claims where Bradesco is the defendant and the perspective of loss, which is considered after the analysis of each demand, based on the current decision of the Superior Court of Justice (STJ).

In December 2017, with the mediation of the Attorney's General Office (AGU), the entities representing the bank and the savings accounts, entered into an agreement related to litigation of economic plans, with the purpose of closing these claims, in which conditions and schedule were established for savings accounts holders to accede to the agreement. This agreement was approved by the Federal Supreme Court (STF) on March 1, 2018. The period of adhesion for interested parties is for 02 (two) years from this date. As this is a voluntary agreement, Bradesco is unable to predict how many savings account holders will choose to accept the settlement offer. It is important to note that Bradesco understands that the provisioning was made to cover the eligible proceedings to the related agreement. The proceedings that are not in the

context of the agreement are evaluated individually based on the procedural stage they are in.

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision on the right under litigation.

### **III - Legal obligations – provision for tax risks**

The Organization is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recognized in full, although there is a good chance of a favorable outcome, based on the opinion of Management and their legal counsel. The processing of these provisions for cases for which the risk of loss is deemed as probable and legal obligations is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

The main cases are:

- PIS and COFINS – R\$2,539,566 thousand (R\$2,417,306 thousand in 2017): a request for authorization to calculate and pay PIS and COFINS based on effective billing, as set forth in Article 2 of Supplementary Law No. 70/91, removing from the calculation base the unconstitutional inclusion of other revenues other than those billed;



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- IRPJ/CSLL on losses of credits – R\$1,642,162 thousand (R\$1,818,351 thousand in 2017): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- Pension Contributions – R\$1,524,434 thousand (R\$1,432,305 thousand in 2017): official notifications related to the pension contributions on financial contributions in private pension plans, considered by the authorities to be compensatory sums subject to the incidence of pension contributions and to an isolated fine for not withholding IRRF on the financial contributions;
- INSS Autonomous Brokers – R\$665,685 thousand (R\$967,829 thousand in 2017): The Bradesco Organization is questioning the charging of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law No. 84/96 and subsequent regulations/amendments, at 20.0% with an additional 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the scope of such a contribution as provided for in item I, Article 22 of Law No. 8,212/91, as new wording in Law No. 9,876/99; and
- INSS – Contribution to SAT – R\$409,269 thousand (R\$389,895 thousand in 2017): in an ordinary lawsuit filed by the Brazilian Federation of Banks – Febraban, since April 2007, on behalf of its members, is questioned the classification of banks at the highest level of risk, with respect to Work Accident Risk – RAT, which eventually raised the rate of the respective contribution from 1% to 3%, in accordance with Decree No. 6,042/07.

In general, the provisions relating to lawsuits are classified as non-current, due to the unpredictability of the duration of the proceedings in the Brazilian justice system. For this reason, the estimate has not been disclosed with relation to the specific year in which these lawsuits will be finalized.

**IV - Provisions by nature**

|                         | On June 30 - R\$ thousand |                   |
|-------------------------|---------------------------|-------------------|
|                         | 2018                      | 2017              |
| Labor claims            | 5,989,460                 | 5,424,197         |
| Civil claims            | 5,443,371                 | 5,077,427         |
| Provision for tax risks | 7,803,196                 | 8,144,298         |
| <b>Total (Note 19b)</b> | <b>19,236,027</b>         | <b>18,645,922</b> |

**V - Changes in provisions**

|   | R\$ thousand     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2018             | 2018             | 2017             |
|   | Labor            | Civil            | Tax (1)          |
| <b>Balance on December 31, 2017</b>           | <b>5,554,796</b> | <b>5,346,563</b> | <b>7,589,368</b> |
| Adjustment for inflation                      | 349,334          | 252,507          | 137,317          |
| Provisions, net of (reversals and write-offs) | 793,541          | 489,752          | 87,877           |
| Payments                                      | (708,211)        | (645,451)        | (11,366)         |
| <b>Balance on June 30, 2018</b>               | <b>5,989,460</b> | <b>5,443,371</b> | <b>7,803,196</b> |
| (1) Mainly include legal obligations.         |                  |                  |                  |

**c) Contingent liabilities classified as possible losses**

The Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if

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necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recognized as a liability in the financial statements. The main proceedings in this category are the following: a) 2006 to 2013 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R\$6,425,178 thousand (R\$6,039,972 thousand in 2017); b) Fines and disallowances of Cofins loan compensations, released after a favorable decision in a judicial proceeding, where the unconstitutionality of the expansion of the intended calculation base was discussed for revenues other than those from billing (Law No. 9,718/98), in the amount of R\$4,986,645 thousand (R\$4,788,245 thousand in 2017); c) Leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R\$2,441,982 thousand (R\$2,495,215 thousand in 2017) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected; d) IRPJ and CSLL deficiency note relating to disallowance of exclusions of revenues from the mark-to-market of securities from 2007 to 2013, differences in depreciation expenses, insufficient depreciation expenses, expenses with depreciation of leased assets, operating expenses and income and disallowance of tax loss compensation, in the amount of R\$1,963,924 thousand (R\$1,650,518 thousand in 2017); e) IRPJ and CSLL tax assessments for the years 2012 and 2013, due to the acquisition of operating expenses (CDI), related to funds that were capitalized among the companies of the Organization, whose assessed amount is R\$ 1,649,533 thousand; f) Notifications and disallowances of compensations of PIS and Cofins related to the unconstitutional extension of the basis of calculation intended for other income other than the billing (Law No 9,718/98), from acquired companies, amounting to R\$1,416,045 thousand (R\$1,358,577 thousand in 2017); g) IRPJ and CSLL deficiency notice relating to the disallowance of loan loss deductions, for the amount of R\$575,842 thousand (R\$711,345 thousand in 2017); and h) IRPJ and CSLL deficiency note, amounting to R\$498,977 thousand (R\$477,162 thousand in 2017) relating to profit of subsidiaries based overseas, for the calendar years of 2008 and 2009.

#### **d) Other matters**

On May 31, 2016, criminal proceedings were opened against three members of Bradesco's Board of Executive Officers was carried out by the Brazilian Federal Police under the so-called "Operation Zelotes.", which investigates the alleged improper performance of members of CARF - Administrative Council of Tax Appeals. On July 28, 2016, the Public Prosecutor's Office filed charges against three members of the Board of Executive Officers, at that time, and a former member of its Board of Directors that was received by the Judge of the 10th Federal Court of the Federal District Judiciary Section. Currently, only two of the members of Bradesco's Board of Directors remain in the process. They presented their responses in the criminal case, pointing out the facts and evidence demonstrating their innocence. The investigation phase of the process was already completed, and is currently waiting for final allegations and the decision of the first degree court.

The Company's management conducted a careful internal evaluation of records and documents related to the matter and found no evidence of any illegal conduct practiced by its representatives. Bradesco provided all the information to the competent regulatory bodies, in Brazil and abroad.

On account of the news of Operation Zealots, a class action was filed in the District Court of New York, on June 3, 2016, based on Section 10 (b) and 20 (a) of the Securities Exchange Act of 1934. On October 21, 2016, the plaintiff leader appointed by the court presented the addendum of the (Action Complaint) pointing us as defendants, Bradesco and three members of its Board of Executive Officers, at that time. The demand is based on the allegation that investors who purchased preferred American Depositary Shares ("ADS") of Bradesco between April 30, 2012 and July 27, 2016 suffered losses caused by alleged violation regarding the American laws of capital markets. On September 29, 2017, the Court limited the proposed class to investors who purchased ADS Bradesco between August 8, 2014 and July 27, 2016. Demand has passed to the discovery phase, so the limitation of the aforementioned class would be maintained. Considering the stage that the demand is, it is not possible, to gauge the exposure and there are insufficient elements to carry out a risk assessment.

Bradesco was also summoned by the *Corregedoria Geral do Ministério da Fazenda* on the opening of an Administrative Accountability Process ("PAR"). This process may imply the application of a fine and / or mention in public lists that may eventually bring restrictions on business with public entities.

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**Notes to the Consolidated Financial Statements****18) SUBORDINATED DEBT****a) Composition by maturity**

|                          |                              | On June 30 - R\$ thousand |           |            |
|--------------------------|------------------------------|---------------------------|-----------|------------|
|                          | Original<br>term in<br>years | Nominal<br>amount         | 2018      | 2017       |
| <b>In Brazil:</b>        |                              |                           |           |            |
| <b>Subordinated CDB:</b> |                              |                           |           |            |
| 2019                     | 10                           | 20,000                    | 66,261    | 59,165     |
| <b>Financial bills:</b>  |                              |                           |           |            |
| 2017 (1)                 | 6                            | -                         | -         | 4,137,605  |
| 2018 (2)                 | 6                            | 277,547                   | 483,418   | 10,020,338 |
| 2019                     | 6                            | 21,858                    | 37,751    | 34,794     |
| 2017 (1)                 | 7                            | -                         | -         | 48,988     |
| 2018 (2)                 | 7                            | 81,350                    | 187,130   | 303,367    |
| 2019                     | 7                            | 3,172,835                 | 3,463,740 | 3,430,347  |
| 2020                     | 7                            | 1,700                     | 2,931     | 2,704      |
| 2022                     | 7                            | 4,305,011                 | 5,800,914 | 5,357,935  |
| 2023                     | 7                            | 1,359,452                 | 1,763,720 | 1,620,946  |
| 2024                     | 7                            | 67,450                    | 77,227    | 70,671     |
| 2018 (2)                 | 8                            | -                         | -         | 113,780    |
| 2019                     | 8                            | 12,735                    | 29,959    | 26,632     |
| 2020                     | 8                            | 28,556                    | 56,876    | 52,066     |
| 2021                     | 8                            | 1,236                     | 2,114     | 1,962      |
| 2023                     | 8                            | 1,706,846                 | 2,363,547 | 2,151,832  |
| 2024                     | 8                            | 136,695                   | 165,864   | 152,059    |
| 2025                     | 8                            | 6,193,653                 | 6,421,420 | 6,346,344  |
| 2021                     | 9                            | 7,000                     | 13,589    | 12,558     |
| 2024                     | 9                            | 4,924                     | 7,011     | 6,217      |
| 2025                     | 9                            | 400,944                   | 473,998   | 443,762    |
| 2021                     | 10                           | 19,200                    | 42,770    | 38,747     |
| 2022                     | 10                           | 54,143                    | 104,104   | 95,355     |
| 2023                     | 10                           | 688,064                   | 1,108,844 | 1,041,595  |
| 2025                     | 10                           | 284,137                   | 421,900   | 366,674    |
| 2026                     | 10                           | 361,196                   | 458,892   | 417,858    |
| 2027                     | 10                           | 258,743                   | 284,868   | 259,033    |
| 2026                     | 11                           | 3,400                     | 4,332     | 3,998      |
| 2027                     | 11                           | 47,046                    | 56,136    | 51,577     |

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|                           |           |    |           |                   |                   |
|---------------------------|-----------|----|-----------|-------------------|-------------------|
|                           | 2028 (3)  | 11 | 74,764    | 80,684            | -                 |
|                           | Perpetual |    | 5,000,000 | 5,204,706         | 5,373,689         |
| <b>Subtotal in Brazil</b> |           |    |           | <b>29,184,706</b> | <b>42,042,598</b> |
| <b>Overseas:</b>          |           |    |           |                   |                   |
|                           | 2019      | 10 | 1,333,575 | 2,941,734         | 2,523,950         |
|                           | 2021      | 11 | 2,766,650 | 6,327,013         | 5,424,522         |
|                           | 2022      | 11 | 1,886,720 | 4,315,207         | 3,700,034         |
| Issuance costs on funding |           |    |           | (12,205)          | (15,467)          |
| <b>Subtotal overseas</b>  |           |    |           | <b>13,571,749</b> | <b>11,633,039</b> |
| <b>Total (4) (5)</b>      |           |    |           | <b>42,756,455</b> | <b>53,675,637</b> |

(1) Subordinated debt transactions that matured in 2017;

(2) Transactions of subordinated debt due in the first semester of 2018;

(3) New issues of financial letters, in 2017, referring to subordinate debts were recognized under the heading "Eligible Debt Capital Instruments";

(4) It includes the amount of R\$23,585,220 thousand (R\$22,622,595 thousand in 2017), referring to subordinated debts recognized in "Eligible Debt Capital Instruments"; and

(5) The information on results are presented on Note 15e, cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds.

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**Notes to the Consolidated Financial Statements****b) Movement of subordinated debts**

|                                       |                   | R\$ thousand      |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>2018</b>       | <b>2017</b>       |
| <b>Opening balance on December 31</b> | <b>50,179,401</b> | <b>52,611,063</b> |
| Issuance                              | -                 | 6,515,846         |
| Interest                              | 1,737,414         | 2,877,207         |
| Settlement and interest payments      | (11,087,550)      | (8,501,057)       |
| Exchange variation                    | 1,927,190         | 172,578           |
| <b>Closing balance on June 30</b>     | <b>42,756,455</b> | <b>53,675,637</b> |

**19) OTHER LIABILITIES****a) Tax and social security**

|  | On June 30 - R\$ thousand |                  |
|--|---------------------------|------------------|
|  | <b>2018</b>               | <b>2017</b>      |
| Provision for deferred income tax (Note 33f) | 3,643,429                 | 3,675,178        |
| Taxes and contributions on profit payable    | 1,985,118                 | 2,073,341        |
| Taxes and contributions payable              | 1,081,979                 | 1,214,567        |
| <b>Total</b>                                 | <b>6,710,526</b>          | <b>6,963,086</b> |

**b) Sundry**

|  | On June 30 - R\$ thousand |             |
|--|---------------------------|-------------|
|  | <b>2018</b>               | <b>2017</b> |
| Credit card operations (1)                       | 4,206,497                 | 6,860,198   |
| Civil, tax and labor provisions (Note 17b)       | 19,236,027                | 18,645,922  |
| Loan assignment obligations                      | 7,886,502                 | 8,276,329   |
| Provision for payments                           | 7,971,708                 | 7,677,933   |
| Sundry creditors                                 | 4,463,208                 | 5,583,105   |
| Liabilities for acquisition of assets and rights | 1,242,623                 | 1,721,276   |

|   |                   |                   |
|---|-------------------|-------------------|
| Obligations by quotas of investment funds | 1,701,450         | 613,300           |
| Other (2)                                 | 5,122,804         | 3,719,175         |
| <b>Total</b>                              | <b>51,830,819</b> | <b>53,097,238</b> |

(1) According to Bacen Circular Letter No. 3,828/17, which changes the accounting in payment arrangements (Credit Card Transactions), in June 2018, part of these transactions were classified under "Interbank accounts" in the amount of R\$16,876,074 thousand. For comparison purposes, the balances of prior periods were also reclassified in the amount of R\$16,188,307 thousand; and

(2) On June 30, 2018, it includes a specific provision for financial guarantees provided, pursuant to Resolution No. 4,512/16 (Note 9g).

### c) Financial guarantees

Financial guarantees provided are contracts requiring the Organization to make specific payments to the holder of the financial guarantee for a loss it will incur when a specific debtor fails to make the payment under the terms of the debt instrument. The provision for financial guarantees provided is formed based on the best estimate of the non-recoverable amount of the guarantee, if such disbursement is likely. The provisioning parameters are established based on the internal credit risk management models. In case of retail operations, these models use historical information, while in wholesale operations, in addition to historical information, we adopted simulation processes to capture unobserved events. Any increase in liabilities related to financial guarantees is recognized in the statement of income under "Other operating income/expenses".

|   | 2018              |                  | On June 30 - R\$ thousand<br>2017 |                  |
|---|-------------------|------------------|-----------------------------------|------------------|
|   | Guaranteed Values | Provisions       | Guaranteed Values                 | Provisions       |
| Surety and guarantees in judicial and administrative proceedings of a fiscal nature | 37,551,059        | (282,664)        | 30,716,184                        | (156,113)        |
| Bank sureties   | 33,162,821        | (437,907)        | 39,733,861                        | (382,611)        |
| Others  | 1,051,067         | (46,242)         | 3,293,823                         | (55,073)         |
| <b>Total</b>  | <b>71,764,947</b> | <b>(766,813)</b> | <b>73,743,868</b>                 | <b>(593,797)</b> |

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**Notes to the Consolidated Financial Statements****20) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS****a) Technical provisions by account**

|   | On June 30 - R\$ thousand |           |                            |             |                      |           |             |             |
|---|---------------------------|-----------|----------------------------|-------------|----------------------|-----------|-------------|-------------|
|   | Insurance (1)             |           | Life and pension plans (2) |             | Capitalization bonds |           | Total       |             |
|   | 2018                      | 2017      | 2018                       | 2017        | 2018                 | 2017      | 2018        | 2017        |
| <b>Current and long-term liabilities</b>            |                           |           |                            |             |                      |           |             |             |
| Mathematical reserve for unvested benefits          | 1,198,482                 | 1,030,578 | 211,444,914                | 194,727,094 | -                    | -         | 212,643,396 | 195,757,672 |
| Mathematical reserve for vested benefits            | 329,439                   | 251,537   | 8,326,312                  | 9,082,204   | -                    | -         | 8,655,751   | 9,333,741   |
| Mathematical reserve for capitalization bonds       | -                         | -         | -                          | -           | 6,856,355            | 6,295,414 | 6,856,355   | 6,295,414   |
| Reserve for claims incurred but not reported (IBNR) | 3,452,578                 | 3,107,443 | 941,359                    | 1,285,867   | -                    | -         | 4,393,937   | 4,393,310   |
| Unearned premium reserve                            | 4,189,858                 | 4,325,119 | 654,177                    | 535,283     | -                    | -         | 4,844,035   | 4,860,402   |
| Complementary reserve for coverage                  | -                         | -         | 523,189                    | 492,475     | -                    | -         | 523,189     | 492,475     |
| Reserve for unsettled claims                        | 4,430,673                 | 4,754,596 | 1,354,698                  | 1,576,136   | -                    | -         | 5,785,371   | 6,330,732   |
| Reserve for financial surplus                       | -                         | -         | 542,545                    | 520,251     | -                    | -         | 542,545     | 520,251     |
|   | -                         | -         | -                          | -           | 922,948              | 950,211   | 922,948     | 950,211     |

|   |                   |                   |                    |                    |                  |                  |                    |                    |  |
|---|-------------------|-------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|--|
| Reserve for<br>draws and<br>redemptions |                   |                   |                    |                    |                  |                  |                    |                    |  |
| Other reserves<br>(4)                   | 2,189,743         | 2,001,824         | 4,620,498          | 2,592,663          | 93,371           | 111,771          | 6,903,612          | 4,706,258          |  |
| <b>Total technical<br/>provisions</b>   | <b>15,790,773</b> | <b>15,471,097</b> | <b>228,407,692</b> | <b>210,811,973</b> | <b>7,872,674</b> | <b>7,357,396</b> | <b>252,071,139</b> | <b>233,640,466</b> |  |

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**Notes to the Consolidated Financial Statements****b) Guarantees for technical provisions**

| On June 30 - R\$ thousand                                      |                   |                   |                        |                    |                      |                  |                    |                    |
|--|-------------------|-------------------|------------------------|--------------------|----------------------|------------------|--------------------|--------------------|
|  | Insurance         |                   | Life and pension plans |                    | Capitalization bonds |                  | Total              |                    |
|  | 2018              | 2017              | 2018                   | 2017               | 2018                 | 2017             | 2018               | 2017               |
| <b>Total technical provisions</b>                              | <b>15,790,773</b> | <b>15,471,097</b> | <b>228,407,692</b>     | <b>210,811,973</b> | <b>7,872,674</b>     | <b>7,357,396</b> | <b>252,071,139</b> | <b>233,640,466</b> |
| (-)  |                   |                   |                        |                    |                      |                  |                    |                    |
| Commercialization surcharge – extended warranty                | (93,896)          | (199,179)         | -                      | -                  | -                    | -                | (93,896)           | (199,179)          |
| (-) Portion corresponding to contracted reinsurance            | (170,986)         | (773,943)         | (14,561)               | (38,918)           | -                    | -                | (185,547)          | (812,861)          |
| (-) Receivables  | (965,525)         | (1,038,596)       | -                      | -                  | -                    | -                | (965,525)          | (1,038,596)        |
| (-) Unearned premium reserve – Health and dental insurance (3) | (1,311,828)       | (1,249,575)       | -                      | -                  | -                    | -                | (1,311,828)        | (1,249,575)        |
| (-) Reserves from DPVAT agreements                             | (597,179)         | (507,938)         | -                      | -                  | -                    | -                | (597,179)          | (507,938)          |
| <b>To be insured</b>   | <b>12,651,359</b> | <b>11,701,866</b> | <b>228,393,131</b>     | <b>210,773,055</b> | <b>7,872,674</b>     | <b>7,357,396</b> | <b>248,917,164</b> | <b>229,832,317</b> |
| Investment fund quotas (VGBL and PGBL)                         | -                 | -                 | 193,621,436            | 178,039,264        | -                    | -                | 193,621,436        | 178,039,264        |
| Investment fund quotas (excluding VGBL and PGBL)               | 5,616,880         | 6,239,508         | 21,095,458             | 23,019,770         | 1,039,066            | 1,842,557        | 27,751,404         | 31,101,835         |
| Government securities  | 9,775,223         | 6,799,596         | 19,397,829             | 16,627,425         | 7,655,008            | 6,429,835        | 36,828,060         | 29,856,856         |
| Shares   | 2,637             | 2,331             | 1,028,109              | 1,555,269          | -                    | -                | 1,030,746          | 1,557,600          |
| Private securities   | 14,901            | 92,008            | 152,994                | 161,498            | 37,921               | 39,819           | 205,816            | 293,325            |
| <b>Total technical provision guarantees</b>                    | <b>15,409,641</b> | <b>13,133,443</b> | <b>235,295,826</b>     | <b>219,403,226</b> | <b>8,731,995</b>     | <b>8,312,211</b> | <b>259,437,462</b> | <b>240,848,880</b> |

- (1) "Other reserves" - Insurance primarily refers to technical provisions of the "individual health plans" portfolio;
- (2) "Other reserves" - Life and Pension Plan mainly includes the "Reserve for redemption and other amounts to be settled", "Reserve for related expenses" and "Other reserves"; and
- (3) Deduction set forth in Article 4 of ANS Normative Resolution No. 392/15; and
- (4) In Other technical provisions, Life and Pension Plan, includes the transfer of R\$ 2,007,136 thousand of the mathematical provisions of benefits to be granted and benefits granted, with the authorization of SUSEP.

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**Notes to the Consolidated Financial Statements****c) Insurance, pension plan contribution and capitalization bond retained premiums**

|  | In the six month period ended<br>June 30 - R\$ thousand |                   |
|--|---|-------------------|
|  | <b>2018</b>   | <b>2017</b>       |
| Written premiums   | 19,022,785  | 18,407,621        |
| Pension plan contributions (including VGBL)                              | 13,994,030  | 15,242,822        |
| Capitalization bond income   | 3,095,466   | 3,009,214         |
| Granted coinsurance premiums   | (24,608)  | (28,635)          |
| Refunded premiums  | (294,853)   | (170,802)         |
| <b>Net written premiums earned</b>                                       | <b>35,792,820</b>                                       | <b>36,460,220</b> |
| Reinsurance premiums paid  | (37,101)  | (139,739)         |
| <b>Insurance, pension plan and capitalization bond retained premiums</b> | <b>35,755,719</b>                                       | <b>36,320,481</b> |

**21) NON-CONTROLLING INTERESTS IN SUBSIDIARIES**

|                         | On June 30 - R\$ thousand |                |
|-------------------------|---------------------------|----------------|
|                         | <b>2018</b>               | <b>2017</b>    |
| Banco Bradesco BBI S.A. | 4,992                     | 17,490         |
| Other (1)               | 596,254                   | 455,379        |
| <b>Total</b>            | <b>601,246</b>            | <b>472,869</b> |

(1) Primarily relates to the non-controlling interest in the subsidiary "Odontoprev".

**22) SHAREHOLDERS' EQUITY (PARENT COMPANY)****a) Capital stock in number of shares**

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

|                                 |                      | On June 30           |
|---------------------------------|----------------------|----------------------|
|                                 | 2018 (1)             | 2017                 |
| Common                          | 3,359,929,223        | 3,054,481,112        |
| Preferred                       | 3,359,928,872        | 3,054,480,793        |
| <b>Subtotal</b>                 | <b>6,719,858,095</b> | <b>6,108,961,905</b> |
| Treasury (common shares)        | (5,535,803)          | (5,032,549)          |
| Treasury (preferred shares)     | (20,741,320)         | (18,855,746)         |
| <b>Total outstanding shares</b> | <b>6,693,580,972</b> | <b>6,085,073,610</b> |

(1) Includes effect of bonus of shares of 10%.

**b) Transactions of capital stock involving quantities of shares**

|   | Common               | Preferred            | Total                |
|---|----------------------|----------------------|----------------------|
| <b>Number of outstanding shares as at December 31, 2017</b>         | <b>3,049,448,563</b> | <b>3,035,625,047</b> | <b>6,085,073,610</b> |
| Increase of capital stock with issuing of shares – bonus of 10% (1) | 305,448,111          | 305,448,079          | 610,896,190          |
| Increase of shares in treasury – bonus of 10%                       | (503,254)            | (1,885,574)          | (2,388,828)          |
| <b>Number of outstanding shares as at June 30, 2018</b>             | <b>3,354,393,420</b> | <b>3,339,187,552</b> | <b>6,693,580,972</b> |

(1) It benefited the shareholders registered in the records of Bradesco on March 29, 2018.

In the Extraordinary General Meeting of March 12, 2018, the approval was proposed by the Board of Directors to increase the capital stock by R\$8,000,000 thousand, increasing it from R\$59,100,000 thousand to R\$67,100,000 thousand, with a bonus in shares, through the capitalization of part of the balance of the account “Profit Reserves - Statutory Reserve”, in compliance with the provisions in Article 169 of Law No. 6,404/76, by issuing 610,896,190 new nominative-book entry shares, with no nominal value, whereby 305,448,111 are common and 305,448,079 are preferred shares, attributed free-of-charge to the shareholders as bonus, to the ratio of 1 new share for every 10 shares of the same type that they own on the base date, and was approved by the Bacen on March 16, 2018.

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**Notes to the Consolidated Financial Statements**

**c) Interest on Shareholders' Equity**

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax (IRRF), in the calculation for mandatory dividends for the year under the Company's Bylaws.

The Board of Directors' Meeting held on June 29, 2018, approved the Board of Executive Officers' proposal to pay to the shareholders interim interest on shareholder's equity for the first semester of 2018, of R\$1,212,000 thousand, of which R\$0.172465322 are per common share and R\$0.189711854 per preferred share, whose payment was made on July 16, 2018.

Interest on shareholders' equity for the year ended June 30, 2018 is calculated as follows:

|   | <b>R\$ thousand</b> | <b>% (1)</b> |
|---|---------------------|--------------|
| Net income for the period   | 8,994,508           |              |
| (-) Legal reserve   | 449,725             |              |
| <b>Adjusted calculation basis</b>   | <b>8,544,783</b>    |              |
| Monthly, intermediaries and supplementary interest on shareholders' equity (gross), paid and/or provisioned | 3,565,076           |              |
| Withholding income tax on interest on shareholders' equity  | (534,761)           |              |
| <b>Interest on shareholders' equity (net) accumulated on June 30, 2018</b>                                  | <b>3,030,315</b>    | <b>35.46</b> |
| <b>Interest on shareholders' equity (net) accumulated on June 30, 2017</b>                                  | <b>2,388,635</b>    | <b>31.50</b> |

(1) Percentage of interest on shareholders' equity after adjustments.

Interest on shareholders' equity were paid or recognized in provisions, as follows:

| <b>Description</b> | <b>Per share (gross)</b> | <b>R\$ thousand</b> |
|--------------------|--------------------------|---------------------|
|--------------------|--------------------------|---------------------|

|  | Common          | Preferred       | Gross<br>amount<br>paid/<br>recognized<br>in provision | Withholding<br>Income Tax<br>(IRRF)<br>(15%) | Net amount<br>paid/recognized<br>in provision |
|--|-----------------|-----------------|--|--|---|
| Monthly interest on shareholders' equity paid              | 0.103499        | 0.113849        | 621,136  | 93,170                                       | 527,966                                       |
| Intermediary interest on shareholders' equity paid         | 0.172494        | 0.189743        | 1,102,000  | 165,300                                      | 936,700                                       |
| Supplementary interest paid on shareholders' equity        | 0.170149        | 0.187164        | 1,087,022  | 163,053                                      | 923,969                                       |
| <b>Total accrued on June 30, 2017</b>                      | <b>0.446142</b> | <b>0.490756</b> | <b>2,810,158</b>                                       | <b>421,523</b>                               | <b>2,388,635</b>                              |
| Monthly interest on shareholders' equity paid              | 0.103499        | 0.113849        | 694,268  | 104,140                                      | 590,128                                       |
| Intermediary interest paid on shareholders' equity (1)     | 0.172465        | 0.189712        | 1,212,000  | 181,800                                      | 1,030,200                                     |
| Supplementary interest on shareholders' equity provisioned | 0.236045        | 0.259650        | 1,658,808  | 248,821                                      | 1,409,987                                     |
| <b>Total accrued on June 30, 2018</b>                      | <b>0.512010</b> | <b>0.563211</b> | <b>3,565,076</b>                                       | <b>534,761</b>                               | <b>3,030,315</b>                              |

(1) Paid on June 16, 2018.

#### d) Treasury shares

Bradesco acquired a total of 5,535,803 common shares and 20,741,320 preferred shares for a total amount of R\$440,514 thousand in the six months ended June 30, 2018 which all remain in treasury, and remain in treasury. The minimum, average and maximum cost per common share is R\$19.34962, R\$24.55863 and R\$27.14350, and per preferred share is R\$19.37456, R\$26.98306 and R\$33.12855, respectively. The fair value was R\$24.38 per common share and R\$26.90 per preferred share on June 30, 2018.



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**Notes to the Consolidated Financial Statements****23) FEE AND COMMISSION INCOME**

|   | In the six month period ended<br>June 30 - R\$ thousand |                   |
|---|---|-------------------|
|   | <b>2018</b>   | <b>2017</b>       |
| Credit card income                        | 3,377,417   | 3,307,532         |
| Checking account                          | 3,510,191   | 3,249,275         |
| Loans                                     | 1,525,364   | 1,505,321         |
| Collections                               | 1,005,424   | 952,933           |
| Consortium management                     | 794,656   | 747,669           |
| Asset management                          | 788,057   | 679,990           |
| Underwriting/ Financial Advisory Services | 409,604   | 333,597           |
| Custody and brokerage services            | 417,293   | 375,056           |
| Payments                                  | 224,047   | 208,659           |
| Other                                     | 312,788   | 296,250           |
| <b>Total</b>                              | <b>12,364,841</b>                                       | <b>11,656,282</b> |

**24) PAYROLL AND RELATED BENEFITS**

|                            | In the six month period ended<br>June 30 - R\$ thousand |                  |
|----------------------------|---|------------------|
|                            | <b>2018</b>   | <b>2017</b>      |
| Salaries                   | 4,158,316   | 4,409,845        |
| Benefits                   | 2,140,232   | 2,208,583        |
| Social security charges    | 1,436,459   | 1,598,099        |
| Employee profit sharing    | 753,888   | 758,236          |
| Provision for labor claims | 793,541   | 372,354          |
| Training                   | 58,582  | 73,292           |
| <b>Total</b>               | <b>9,341,018</b>  | <b>9,420,409</b> |

**25) OTHER ADMINISTRATIVE EXPENSES**

|                     | In the six month period ended<br>June 30 - R\$ thousand |             |
|---------------------|---|-------------|
|                     | <b>2018</b>   | <b>2017</b> |
| Outsourced services | 2,323,747   | 2,349,701   |

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|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Depreciation and amortization | 1,376,992        | 1,312,684        |
| Data processing               | 1,141,149        | 1,090,705        |
| Communication                 | 779,921          | 834,196          |
| Asset maintenance             | 554,886          | 556,527          |
| Rental                        | 568,074          | 577,313          |
| Financial system services     | 470,345          | 521,407          |
| Advertising and marketing     | 474,422          | 328,345          |
| Security and surveillance     | 383,676          | 416,863          |
| Transport                     | 372,026          | 382,322          |
| Water, electricity and gas    | 204,639          | 212,998          |
| Supplies                      | 112,170          | 135,851          |
| Travel                        | 136,248          | 117,569          |
| Other                         | 487,819          | 503,346          |
| <b>Total</b>                  | <b>9,386,114</b> | <b>9,339,827</b> |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****26) TAX EXPENSES**

|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|---|---|------------------|
|   | <b>2018</b>   | <b>2017</b>      |
| Contribution for Social Security Financing (COFINS) | 1,440,232   | 1,969,119        |
| Social Integration Program (PIS) contribution       | 239,697   | 325,663          |
| Tax on Services (ISSQN)                             | 486,633   | 340,946          |
| Municipal Real Estate Tax (IPTU) expenses           | 79,077  | 75,757           |
| Other   | 172,889   | 205,199          |
| <b>Total</b>  | <b>2,418,528</b>  | <b>2,916,684</b> |

**27) OTHER OPERATING INCOME**

|  | In the six month period ended<br>June 30 - R\$ thousand |                  |
|--|---|------------------|
|  | <b>2018</b>   | <b>2017</b>      |
| Other interest income                          | 1,051,677   | 994,121          |
| Reversal of other operating provisions (1)     | 986,821   | 4,008,717        |
| Revenues from recovery of charges and expenses | 155,612   | 169,459          |
| Gains on sale of goods                         | 9,645   | 3,631            |
| Other  | 1,273,186   | 1,169,321        |
| <b>Total</b>                                   | <b>3,476,941</b>  | <b>6,345,249</b> |

(1) In the first semester of 2018, it includes: (i) reversal of generic provision for guarantees provided, encompassing sureties, guarantees, credit letters, and standby letter of credit, pursuant to Resolution No. 4,512/16; and (ii) reversals of: (a) provision for tax risks regarding the PIS process, to offset overpaid amounts; and (b) provision for tax risks related to IRPJ/CSLL on credit losses.

**28) OTHER OPERATING EXPENSES**

|  | In the six month period ended<br>June 30 - R\$ thousand |             |
|--|---|-------------|
|  | <b>2018</b>   | <b>2017</b> |

|  |                  |                  |
|--|------------------|------------------|
| Other finance costs                      | 2,103,576        | 2,409,385        |
| Sundry losses                            | 840,576          | 840,620          |
| Discount granted                         | 707,330          | 697,560          |
| Commissions on loans and financing       | 304,370          | 495,988          |
| Intangible assets amortization - payroll | 538,539          | 496,893          |
| Goodwill amortization (Note 14a)         | 1,255,491        | 1,184,031        |
| Other (1)                                | 3,172,799        | 3,510,505        |
| <b>Total</b>                             | <b>8,922,681</b> | <b>9,634,982</b> |

(1) In the first semester of 2017, it includes a specific provision for guarantees provided, encompassing sureties, guarantees and credit letters, pursuant to Resolution No. 4,512/16.

## 29) NON-OPERATING INCOME (LOSS)

|   | In the six month period ended<br>June 30 - R\$ thousand |                  |
|---|---|------------------|
|   | <b>2018</b>   | <b>2017</b>      |
| Gain/loss on sale and write-off of assets and investments | (305,815)   | (264,721)        |
| Recording/reversal of non-operating provisions (1)        | (57,162)  | (80,094)         |
| Other   | 34,431  | 52,354           |
| <b>Total</b>  | <b>(328,546)</b>  | <b>(292,461)</b> |

(1) Includes primarily allowance for non-use assets (BNDU).

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**Notes to the Consolidated Financial Statements****30) RELATED-PARTY TRANSACTIONS**

**a)** Related-party transactions (direct and indirect) are carried out under conditions and at rates consistent with those entered into with third parties, when applicable, and effective on the dates of the operations. The transactions are as follows:

| On June 30 - R\$ thousand                                      |                 |           |   |         |                                 |         |           |           |
|--|-----------------|-----------|---|---------|---------------------------------|---------|-----------|-----------|
|  | Controllers (1) |           | Associates and<br>Jointly controlled<br>companies (2) |         | Key Management<br>Personnel (3) |         | Total     |           |
|  | 2018            | 2017      | 2018  | 2017    | 2018                            | 2017    | 2018      | 2017      |
| <b>Assets</b>  |                 |           |   |         |                                 |         |           |           |
| Interbank investments  | -               | -         | 449,430   | 644,567 | -                               | -       | 449,430   | 644,567   |
| Securities and derivative<br>financial instruments             | 16,297          | -         | -   | -       | -                               | -       | 16,297    | -         |
| Other receivables and<br>assets                                | 48              | -         | 369,797   | 7,675   | -                               | -       | 336,936   | 7,675     |
| <b>Liabilities</b>   |                 |           |   |         |                                 |         |           |           |
| Demand deposits/Savings<br>accounts                            | 25              | 23        | 12,021  | 1,162   | 14,983                          | 16,383  | 27,029    | 17,568    |
| Time deposits  | 956,146         | 1,345,381 | 914,189   | 135,177 | 197,858                         | 79,084  | 2,068,193 | 1,559,642 |
| Securities sold under<br>agreements to repurchase              | 1,503,897       | 753,868   | 27,551  | 214,798 | 5,494                           | 11,953  | 1,536,942 | 980,619   |
| Funds from issuance of<br>securities and subordinated<br>debts | 9,088,304       | 6,153,422 | -   | -       | 824,270                         | 820,496 | 9,912,574 | 6,973,918 |
| Derivative financial<br>instruments                            | 2,649           | 24,554    | -   | -       | -                               | -       | 2,649     | 24,554    |
| Interest on own capital and<br>dividends payable               | 942,964         | 752,326   | -   | -       | -                               | -       | 942,964   | 752,326   |
| Other liabilities  | -               | -         | 9,715,317   | 9,895   | -                               | -       | 9,715,317 | 9,895     |

| In the six month period ended June 30 - R\$ thousand |                 |      |   |      |                                    |      |       |      |
|--|-----------------|------|---|------|------------------------------------|------|-------|------|
|  | Controllers (1) |      | Associates and<br>Jointly controlled<br>companies (2) |      | Key<br>Management<br>Personnel (3) |      | Total |      |
|  | 2018            | 2017 | 2018  | 2017 | 2018                               | 2017 | 2018  | 2017 |

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|  |           |           |             |           |          |          |             |           |
|--|-----------|-----------|-------------|-----------|----------|----------|-------------|-----------|
| Income from financial intermediation           | -         | -         | 19,208      | 30,950    | -        | -        | 19,208      | 30,950    |
| Financial intermediation expenses              | (381,028) | (471,449) | (8,431)     | (21,520)  | (28,474) | (49,558) | (417,933)   | (542,527) |
| Income from services provided                  | 48        | -         | 158,271     | 198,958   | -        | -        | 158,319     | 198,958   |
| Expenses in operations with derivatives        | -         | (23,906)  | -           | -         | -        | -        | -           | (23,906)  |
| Revenues in operations with derivatives        | 12,822    | -         | -           | -         | -        | -        | 12,822      | -         |
| Other expenses net of other operating revenues | 25,449    | (1,281)   | (1,226,324) | (111,045) | (42,431) | -        | (1,243,987) | (112,326) |

(1) Cidade de Deus Cia. Coml. de Participações, Fundação Bradesco, NCF Participações S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 12; and

(3) Members of the Board of Directors and the Board of Executive Officers.

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**Notes to the Consolidated Financial Statements**

**b) Remuneration of key management personnel**

Each year, the Annual Shareholders' Meeting approves:

- The annual total amount of Management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Bradesco Organization.

For 2018, the maximum amount of R\$529,930 thousand was set for Management compensation and R\$534,780 thousand to finance defined contribution pension plans.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred class b shares issued by BBD Participações S.A. and / or preferred shares issued by Banco Bradesco S.A., which vest in three equal, annual and successive installments, the first of which is in the year following the payment date. This procedure complies with Resolution No. 3,921/10, which sets forth a management compensation policy for financial institutions.

**Short-term Management benefits**

|              | In the six month period ended<br>June 30 - R\$ thousand |                |
|--------------|---|----------------|
|              | <b>2018</b>   | <b>2017</b>    |
| Salaries     | 216,332   | 220,074        |
| <b>Total</b> | <b>216,332</b>  | <b>220,074</b> |

**Post-employment benefits**

|  | In the six month period ended<br>June 30 - R\$ thousand |                |
|--|---|----------------|
|  | 2018  | 2017           |
| Defined contribution supplementary pension plans | 234,843   | 224,201        |
| <b>Total</b>                                     | <b>234,843</b>  | <b>224,201</b> |

Bradesco does not offer its Key Management Personnel long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by Resolution No. 3,989/11.

## Shareholding

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

|                  | On June 30 |       |
|------------------|------------|-------|
|                  | 2018       | 2017  |
| Common shares    | 0.55%      | 0.69% |
| Preferred shares | 1.09%      | 1.13% |
| Total shares (1) | 0.82%      | 0.91% |

(1) On June 30, 2018, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.38% of common shares, 1.12% of preferred shares and 1.75% of all shares (3.12% of common shares, 1.17% of preferred shares and 2.15% of all shares in 2017).



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***Notes to the Consolidated Financial Statements***

**31) RISK AND CAPITAL MANAGEMENT**

**a) Risk Management**

Bradesco carries out a corporate risk control in an integrated and independent manner, preserving and giving value to a collective decision-making environment, developing and implementing methodologies, models and tools for measurement and control. Within Bradesco the dissemination of knowledge amongst employees at all hierarchical levels is stimulated, from the business areas to the Board of Directors.

Risk and capital management structures have established policies, standards and procedures, ensuring that the Bradesco Organization maintains a control process consistent with the nature of its operations, complexity of its products and services, activities, processes, systems and the extent of its exposure to risks. These structures are also composed by a number of committees, commissions and departments that provide support to the Senior Management and the Board of Directors in decision-making. The most notable amongst these are the Integrated Risk Management and Capital Allocation Committee (COGIRAC) and Risk Committee, whose purpose is to advise the Board of Directors in the performance of its duties in the management and control of risks and capital.

Detailed information on risk management process, reference equity and also Bradesco's risk exposures may be found in Investors Relations website at [bradescori.com.br](http://bradescori.com.br) – Market Information.

**b) Capital Management**

The Basel Ratio is part of the set of indicators that are monitored and evaluated in the process of Capital Management, and is intended to measure the sufficiency of capital in relation to the exposure to risks. The table below shows the composition of the Reference Equity and of the Risk Weighted Assets, according to the standards of Bacen. During the period, Bradesco has fulfilled all the minimum regulatory requirements.

**Below is the Basel Ratio:**

| <b>Calculation basis - Basel Ratio</b>                       | On June 30 - R\$ thousand      |                    |
|--|--------------------------------|--------------------|
|  | <b>Prudential Conglomerate</b> |                    |
|  | <b>2018</b>                    | <b>2017</b>        |
| <b>Tier I capital</b>  | <b>74,793,447</b>              | <b>77,322,435</b>  |
| Common equity  | 69,588,741                     | 71,948,746         |
| Shareholders' equity   | 113,038,723                    | 106,807,513        |
| Non-controlling interest / Other                             | 108,510                        | 39,089             |
| Prudential adjustments (1)                                   | (43,558,492)                   | (34,897,856)       |
| Additional capital   | 5,204,706                      | 5,373,689          |
| <b>Tier II capital</b>                                       | <b>22,991,523</b>              | <b>25,727,605</b>  |
| Subordinated debts (Resolution No. 4,192/13)                 | 16,594,492                     | 16,998,232         |
| Subordinated debts (previous to CMN Resolution No. 4,192/13) | 6,397,031                      | 8,729,373          |
| <b>Reference Equity (a)</b>                                  | <b>97,784,970</b>              | <b>103,050,040</b> |
| - Credit risk  | 588,341,324                    | 550,858,207        |
| - Market risk  | 16,070,748                     | 20,530,346         |
| - Operational risk   | 53,509,834                     | 47,222,493         |
| <b>Risk-weighted assets – RWA (b)</b>                        | <b>657,921,906</b>             | <b>618,611,046</b> |
| <b>Basel ratio (a/b)</b>                                     | <b>14.9%</b>                   | <b>16.7%</b>       |
| <b>Tier I capital</b>  | <b>11.4%</b>                   | <b>12.5%</b>       |
| - Principal capital  | 10.6%                          | 11.6%              |
| - Additional capital   | 0.8%                           | 0.9%               |
| <b>Tier II capital</b>                                       | <b>3.5%</b>                    | <b>4.2%</b>        |

(1) As from January 2018, the factor applied to prudential adjustments went from 80% to 100%, according to the timeline for application of deductions of prudential adjustments, defined in Article 11 of Resolution No. 4,192/13.

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### **Notes to the Consolidated Financial Statements**

#### **c) Indicator of Global Systemic Importance (IAISG)**

According to Bacen Circular Letter No 3,751/15, Bradesco calculated the indicators for the evaluation of global systemic importance (IAISG), disclosed in Investor Relations website (bradescori.com.br - Market Information - Risk Management – Global Systemic Importance Index – Annex I and II).

#### **d) VaR Internal Model – Trading Portfolio**

The Trading Portfolio is composed of all the operations made with financial instruments, including derivatives, retained for negotiation or destined to hedge other instruments of the portfolio itself, and that are not subject to the limitation of their negotiability. The operations detained for negotiation are those destined for resale, to obtain benefits based on the variation of effective or expected prices, or for arbitrage.

Below is the 1-day VaR:

| <b>Risk factors</b>                | On June 30 - R\$ thousand |               |
|------------------------------------|---------------------------|---------------|
|                                    | <b>2018</b>               | <b>2017</b>   |
| Fixed rates                        | 34,814                    | 22,338        |
| IGPM/IPCA                          | 776                       | 1,014         |
| Exchange coupon                    | 104                       | 139           |
| Foreign currency                   | 327                       | 245           |
| Equities                           | 312                       | 94            |
| Sovereign/Eurobonds and Treasuries | 3,119                     | 2,363         |
| Other                              | 8,729                     | 148           |
| Correlation/diversification effect | (3,520)                   | (1,208)       |
| <b>VaR (Value at Risk)</b>         | <b>44,661</b>             | <b>25,133</b> |
| Amounts net of tax.                |                           |               |

#### **e) Sensitivity analysis**

The Trading Portfolio is also monitored through daily sensitivity analyses that measure the effect of market movements of market and price curves on our positions. Furthermore, a sensitivity analysis of the

Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule No. 475/08.

Sensitivity analyses were carried out based on scenarios prepared at the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

**Scenario 1:** Based on market information (B3, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices. For example: for a Real/US dollar exchange rate of R\$3.85 a scenario of R\$3.89 was used, while for a 1-year fixed interest rate of 7.65%, a 7.66% scenario was applied;

**Scenario 2:** 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$3.85 a scenario of R\$4.82 was used, while for a 1-year fixed interest rate of 7.65%, a 9.56% scenario was applied. The scenarios for other risk factors also accounted for 25.0% stresses in the respective curves or prices; and

**Scenario 3:** 50.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$3.85 a scenario of R\$5.78 was used, while for a 1-year fixed interest rate of 7.65%, a 11.47% scenario was applied. The scenarios for other risk factors also account for 50.0% stresses in the respective curves or prices.

The results presented reveal the impacts for each scenario in a static position of the portfolio. The dynamism of the market and portfolios means that these positions change continuously and do not necessarily reflect the position demonstrated here. In addition, the Organization has a continuous market risk management process, which is always searching for ways to mitigate the associated risks, according to the strategy determined by Top Management. Therefore, where there are indicators of deterioration in certain positions, proactive measures are taken to minimize any potential negative impact and maximize the risk/return ratio for the Organization.

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**Notes to the Consolidated Financial Statements****I - Sensitivity Analysis – Trading Portfolio**

|  |  | On June 30 - R\$ thousand    |                  |                  |                  |                  |                  |
|--|--|------------------------------|------------------|------------------|------------------|------------------|------------------|
|  |  | <b>Trading Portfolio (1)</b> |                  |                  |                  |                  |                  |
|  |  | <b>2018</b>                  |                  |                  | <b>2017</b>      |                  |                  |
|  |  | <b>Scenarios</b>             |                  |                  | <b>Scenarios</b> |                  |                  |
|  |  | <b>1</b>                     | <b>2</b>         | <b>3</b>         | <b>1</b>         | <b>2</b>         | <b>3</b>         |
| Interest rate in Reais                             | Exposure subject to variations in fixed interest rates and interest rate coupons                     | (1,061)                      | (187,874)        | (368,222)        | (612)            | (135,622)        | (265,946)        |
| Price indexes                                      | Exposure subject to variations in price index coupon rates   | (38)                         | (5,800)          | (10,934)         | (36)             | (4,692)          | (8,843)          |
| Exchange coupon                                    | Exposure subject to variations in foreign currency coupon rates                                      | (6)                          | (559)            | (1,104)          | (7)              | (363)            | (721)            |
| Foreign currency                                   | Exposure subject to exchange rate variations   | (126)                        | (3,152)          | (6,304)          | (92)             | (2,307)          | (4,614)          |
| Equities   | Exposure subject to variation in stock prices  | (82)                         | (2,058)          | (4,115)          | (24)             | (1,198)          | -                |
| Sovereign/Eurobonds and Treasuries                 | Exposure subject to variations in the interest rate of securities traded on the international market | (391)                        | (39,021)         | (75,665)         | (57)             | (7,041)          | (14,048)         |
| Other  | Exposure not classified in other definitions   | -                            | (15)             | (30)             | -                | (2)              | (5)              |
| <b>Total excluding correlation of risk factors</b> |  | <b>(1,704)</b>               | <b>(238,479)</b> | <b>(466,374)</b> | <b>(828)</b>     | <b>(151,225)</b> | <b>(294,177)</b> |
| <b>Total including correlation of risk factors</b> |  | <b>(1,187)</b>               | <b>(202,129)</b> | <b>(396,022)</b> | <b>(634)</b>     | <b>(142,348)</b> | <b>(279,540)</b> |

(1) Amounts net of tax.

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**Notes to the Consolidated Financial Statements**

Presented below are the impacts of the financial exposures also considering the Banking Portfolio (composed of operations not classified in the Trading Portfolio, originating from other business of the Organization and their respective hedges).

**II - Sensitivity Analysis – Trading and Banking Portfolios**

|  |  | On June 30 - R\$ thousand          |                    |                    |                 |                    |                    |
|--|--|------------------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|
|  |  | Trading and Banking Portfolios (1) |                    |                    | 2017            |                    |                    |
|  |  | 2018                               |                    |                    | Scenarios       |                    |                    |
|  |  | 1                                  | 2                  | 3                  | 1               | 2                  | 3                  |
| Interest rate in Reais                             | Exposure subject to variations in fixed interest rates and interest rate coupons                     | (9,888)                            | (3,391,317)        | (6,548,730)        | (12,703)        | (2,919,199)        | (5,656,747)        |
|  | Exposure subject to variations in price index coupon rates   | (6,882)                            | (875,589)          | (1,521,577)        | (4,461)         | (576,816)          | (1,068,592)        |
| Price indexes                                      | Exposure subject to variations in foreign currency coupon rates                                      | (1,059)                            | (121,925)          | (230,361)          | (390)           | (23,140)           | (45,733)           |
|  | Exposure subject to exchange rate variations   | (2,158)                            | (53,877)           | (107,754)          | (3,960)         | (98,963)           | (197,925)          |
| Exchange coupon                                    | Exposure subject to variation in stock prices  | (15,206)                           | (380,140)          | (760,280)          | (15,354)        | (383,500)          | (768,434)          |
|  | Exposure subject to variations in the interest rate of securities traded on the international market | (3,619)                            | (150,202)          | (294,581)          | (2,943)         | (128,620)          | (232,913)          |
| Foreign currency                                   | Exposure not classified in other definitions   | (1,203)                            | (30,070)           | (60,139)           | (11)            | (285)              | (569)              |
|  | Other  |                                    |                    |                    |                 |                    |                    |
| <b>Total excluding correlation of risk factors</b> |  | <b>(40,015)</b>                    | <b>(5,003,120)</b> | <b>(9,523,422)</b> | <b>(39,822)</b> | <b>(4,130,523)</b> | <b>(7,970,913)</b> |

**Total including correlation of risk  
factors**

**(26,088)(4,060,049)(7,803,724) (27,541)(3,707,424)(7,155,441)**

(1) Amounts net of tax effects.

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***Notes to the Consolidated Financial Statements***

**f) Social and environmental risk**

The social and environmental risk is represented by potential damages that an economic activity can cause to society and to the environment. The social and environmental risks associated with financial institutions are mostly indirect and stem from business relationships, including those with the supply chain and with customers, through financing and investment activities.

The social and environmental risk management process has a robust governance structure, comprised of committees, policies, standards and procedures, allowing the risk to be properly identified, measured, mitigated, monitored and reported. This process complies with Resolution No. 4,327/14 of the Central Bank and observes the principles of relevance and proportionality, which is necessary in view of the complexity of the financial products and the profile of Organization's activities.

The Organization seeks to constantly incorporate and improve the criteria for managing the social and environmental risk arising from business relations with customers, through loan and financing operations, guarantees, suppliers and investments, which comprise the scope of analysis reflected in the Organization Social and Environmental Risk Standard.

The Organization has made several commitments related to environmental and social aspects, such as the Carbon Disclosure Project (CDP), the Principles for Responsible Investment (PRI), the Business Charter for Human Rights and Promotion of Decent Work (Ethos), the United Nations Environment Program (UNEP-FI), the Global Compact, among others.

Moreover, the Organization has been a signatory of the Equator Principles since 2004, and among the requirements evaluated are as follows the working conditions, impacts to the community and the environment of projects financed by the Organization, pursuant to the Brazilian legislation and the standards and guidelines of the International Finance Corporation (IFC), besides the World Bank Group's Health, Safety and Environment Guidelines. During the credit granting process, transactions under Equator Principles undergo a social and environmental risk analysis.

The following table sets forth details of the loans made within the Equator Principles contracted in the last 12 months (from July 2017 to June 2018):



**Number of operation by category (Equator Principles)**

|                | <b>A</b>           | <b>B</b>             | <b>C</b>          |
|----------------|--------------------|----------------------|-------------------|
|                | <b>(High risk)</b> | <b>(Medium risk)</b> | <b>(Low risk)</b> |
| <b>Sector</b>  |                    |                      |                   |
| Electricity    | -                  | -                    | -                 |
| Infrastructure | -                  | 1                    | -                 |
| <b>Region</b>  |                    |                      |                   |
| Northeast      | -                  | -                    | -                 |
| Southeast      | -                  | 1                    | -                 |

|                                 |              |
|---------------------------------|--------------|
|                                 | R\$ thousand |
| Total project value             | 570,900      |
| Bradesco's participation (loan) | 285,450      |

In the first semester of 2018 there was no hiring Advisory Service and Financing Project Finance and Corporate Loan to projects classified under the criteria of the Equator Principles III.

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**Notes to the Consolidated Financial Statements****g) Below is the statement of financial position by currency and maturity****I – The statement of financial position by currency**

|   | On June 30 - R\$ thousand |                      |                   |                         |
|---|---------------------------|----------------------|-------------------|-------------------------|
|   | Balance                   | 2018<br>Local        | Foreign (1) (2)   | 2017<br>Foreign (1) (2) |
| <b>Assets</b>   |                           |                      |                   |                         |
| <b>Current and long-term assets</b>                                       | <b>1,210,274,356</b>      | <b>1,118,057,636</b> | <b>92,216,720</b> | <b>72,152,749</b>       |
| Cash and due from banks   | 15,305,794                | 10,287,439           | 5,018,355         | 3,843,821               |
| Interbank investments   | 108,674,003               | 106,039,979          | 2,634,024         | 1,249,623               |
| Securities and derivative financial instruments                           | 534,314,942               | 510,898,811          | 23,416,131        | 19,041,171              |
| Interbank and interdepartmental accounts                                  | 72,886,101                | 72,886,101           | -                 | -                       |
| Loans and leases  | 306,993,348               | 270,803,780          | 36,189,568        | 33,102,196              |
| Other receivables and assets  | 172,100,168               | 147,141,526          | 24,958,642        | 14,915,938              |
| <b>Permanent assets</b>   | <b>29,144,410</b>         | <b>29,106,086</b>    | <b>38,324</b>     | <b>39,785</b>           |
| Investments   | 8,145,364                 | 8,145,364            | -                 | -                       |
| Premises and equipment and leased assets                                  | 7,592,568                 | 7,569,151            | 23,417            | 24,391                  |
| Intangible assets   | 13,406,478                | 13,391,571           | 14,907            | 15,394                  |
| <b>Total</b>  | <b>1,239,418,766</b>      | <b>1,147,163,722</b> | <b>92,255,044</b> | <b>72,192,534</b>       |
| <b>Liabilities</b>  |                           |                      |                   |                         |
| <b>Current and long-term liabilities</b>                                  | <b>1,125,390,739</b>      | <b>1,040,346,175</b> | <b>85,044,564</b> | <b>68,702,926</b>       |
| Deposits  | 299,144,256               | 280,535,522          | 18,608,734        | 16,154,351              |
| Securities sold under agreements to repurchase                            | 202,661,420               | 192,612,015          | 10,049,405        | 6,224,212               |
| Funds from issuance of securities   | 153,302,710               | 149,900,104          | 3,402,606         | 2,980,837               |
| Interbank and interdepartmental accounts                                  | 22,886,392                | 19,804,104           | 3,082,288         | 3,393,066               |
| Borrowing and on-lending  | 51,367,649                | 25,871,122           | 25,496,527        | 23,790,249              |
| Derivative financial instruments  | 16,603,583                | 15,469,890           | 1,133,693         | 253,655                 |
| Technical provision for insurance, pension plans and capitalization bonds | 252,071,138               | 252,064,674          | 6,464             | 3,345                   |
| Other liabilities:  |                           |                      |                   |                         |
| - Subordinated debts  | 42,756,455                | 29,184,706           | 13,571,749        | 11,633,039              |
| - Others  | 84,597,136                | 74,904,038           | 9,693,098         | 4,270,172               |
| <b>Deferred income</b>  | <b>388,058</b>            | <b>388,058</b>       | <b>-</b>          | <b>-</b>                |

|  |                      |                      |                     |                     |
|--|----------------------|----------------------|---------------------|---------------------|
| <b>Non-controlling interests in subsidiaries</b> | <b>601,246</b>       | <b>601,246</b>       | <b>-</b>            | <b>-</b>            |
| <b>Shareholders' equity</b>                      | <b>113,038,723</b>   | <b>113,038,723</b>   | <b>-</b>            | <b>-</b>            |
| <b>Total</b>                                     | <b>1,239,418,766</b> | <b>1,154,374,202</b> | <b>85,044,564</b>   | <b>68,702,926</b>   |
| <b>Net position of assets and liabilities</b>    |                      |                      | <b>7,210,480</b>    | <b>3,489,608</b>    |
| Net position of derivatives (2)                  |                      |                      | (63,324,679)        | (48,559,070)        |
| Other net off-balance-sheet accounts (3)         |                      |                      | (643,360)           | 149,874             |
| <b>Net exchange position (liability)</b>         |                      |                      | <b>(56,757,559)</b> | <b>(44,919,588)</b> |

(1) Amounts originally recognized and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month; and

(3) Other commitments recognized in off-balance-sheet accounts.

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**Notes to the Consolidated Financial Statements****II - The statement of financial position by maturity**

|  | 1 to 30<br>days    | 31 to 180<br>days  | 181 to 360<br>days | More than<br>360 days | On June 30 - R\$ thousand<br>Maturity<br>not stated | Total                |
|--|--------------------|--------------------|--------------------|-----------------------|---|----------------------|
| <b>Assets</b>  |                    |                    |                    |                       |   |                      |
| <b>Current and long-term assets</b>  | <b>682,203,659</b> | <b>101,798,786</b> | <b>109,986,866</b> | <b>316,285,045</b>    | -   | <b>1,210,274,356</b> |
| Cash and due from banks  | 15,305,794         | -                  | -                  | -                     | -   | 15,305,794           |
| Interbank investments (1)  | 97,089,475         | 8,441,538          | 1,950,672          | 1,192,318             | -   | 108,674,003          |
| Securities and derivative financial instruments (1) (2)                        | 395,483,778        | 7,534,069          | 53,661,047         | 77,636,048            | -   | 534,314,942          |
| Interbank and interdepartmental accounts                                       | 71,614,284         | 51,260             | -                  | 1,220,557             | -   | 72,886,101           |
| Loans and leases   | 30,104,317         | 62,925,726         | 45,596,063         | 168,367,242           | -   | 306,993,348          |
| Other receivables and assets   | 72,606,011         | 22,846,193         | 8,779,084          | 67,868,880            | -   | 172,100,168          |
| <b>Permanent assets</b>  | <b>471,125</b>     | <b>2,352,922</b>   | <b>2,770,630</b>   | <b>14,167,060</b>     | <b>9,382,673</b>                                    | <b>29,144,410</b>    |
| Investments  | -                  | -                  | -                  | -                     | 8,145,364   | 8,145,364            |
| Premises and equipment   | 112,732            | 563,658            | 676,390            | 5,340,009             | 899,779   | 7,592,568            |
| Intangible assets  | 358,393            | 1,789,264          | 2,094,240          | 8,827,051             | 337,530   | 13,406,478           |
| <b>Total on June 30, 2018</b>  | <b>682,674,784</b> | <b>104,151,708</b> | <b>112,757,496</b> | <b>330,452,105</b>    | <b>9,382,673</b>                                    | <b>1,239,418,766</b> |
| <b>Total on June 30, 2017</b>  | <b>643,403,746</b> | <b>91,628,554</b>  | <b>67,115,188</b>  | <b>378,704,627</b>    | <b>8,272,017</b>                                    | <b>1,189,124,132</b> |
| <b>Liabilities</b>   |                    |                    |                    |                       |   |                      |
| <b>Current and long-term liabilities</b>                                       | <b>650,987,432</b> | <b>87,562,632</b>  | <b>62,517,327</b>  | <b>324,323,348</b>    | -   | <b>1,125,390,739</b> |
| Deposits (3)   | 147,576,147        | 13,841,555         | 13,366,679         | 124,359,875           | -   | 299,144,256          |
| Securities sold under agreements to repurchase (1)                             | 185,825,486        | 10,733,261         | 3,768,231          | 2,334,442             | -   | 202,661,420          |
| Funds from issuance of securities  | 7,951,828          | 43,908,378         | 26,054,874         | 75,387,630            | -   | 153,302,710          |
| Interbank and interdepartmental accounts                                       | 22,886,392         | -                  | -                  | -                     | -   | 22,886,392           |
| Borrowing and on-lending   | 5,254,883          | 12,700,582         | 14,611,566         | 18,800,618            | -   | 51,367,649           |
| Derivative financial instruments   | 14,949,538         | 597,299            | 413,754            | 642,992               | -   | 16,603,583           |
| Technical provisions for insurance, pension plans and capitalization bonds (3) | 215,572,484        | 3,781,977          | 1,600,151          | 31,116,526            | -   | 252,071,138          |
| Other liabilities:   |                    |                    |                    |                       |   |                      |

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|  |                    |                   |                   |                    |                     |                      |
|--|--------------------|-------------------|-------------------|--------------------|---------------------|----------------------|
| - Subordinated debts                             | 91,933             | 566,410           | 439,271           | 41,658,841         | -                   | 42,756,455           |
| - Others   | 50,878,741         | 1,433,170         | 2,262,801         | 30,022,424         | -                   | 84,597,136           |
| <b>Deferred income</b>                           | <b>388,058</b>     | -                 | -                 | -                  | -                   | <b>388,058</b>       |
| <b>Non-controlling interests in subsidiaries</b> | -                  | -                 | -                 | -                  | <b>601,246</b>      | <b>601,246</b>       |
| <b>Shareholders' equity</b>                      | -                  | -                 | -                 | -                  | <b>-113,038,723</b> | <b>113,038,723</b>   |
| <b>Total on June 30, 2018</b>                    | <b>651,375,490</b> | <b>87,562,632</b> | <b>62,517,327</b> | <b>324,323,348</b> | <b>113,639,969</b>  | <b>1,239,418,766</b> |
| <b>Total on June 30, 2017</b>                    | <b>612,965,358</b> | <b>94,705,072</b> | <b>79,311,742</b> | <b>294,861,578</b> | <b>107,280,382</b>  | <b>1,189,124,132</b> |
| <b>Net assets accumulated on June 30, 2018</b>   | <b>31,299,294</b>  | <b>47,888,370</b> | <b>98,128,539</b> | <b>104,257,296</b> |                     |                      |
| <b>Net assets accumulated on June 30, 2017</b>   | <b>30,438,388</b>  | <b>27,361,870</b> | <b>15,165,316</b> | <b>99,008,365</b>  |                     |                      |

(1) Repurchase agreements are classified according to the maturity of the transactions;

(2) Investments in investment funds are classified as 1 to 30 days; and

(3) Demand and savings deposits and technical provisions for insurance, pension plans and capitalization bonds comprising "VGBL" and "PGBL" products are classified as 1 to 30 days, without considering average historical turnover.

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***Notes to the Consolidated Financial Statements***

**32) EMPLOYEE BENEFITS**

Bradesco and its subsidiaries sponsor a private defined contribution pension for employees and directors, that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE). The Plan is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The Supplementary Pension Plan counts on contributions from employees and administrators of Bradesco and its subsidiaries equivalent to at least 4% of the salary by employees and, 5% of the salary, plus the percentage allocated to covers of risk benefits (invalidity and death) by the company. Actuarial obligations of the defined contribution plan are fully covered by the plan assets of the corresponding FIE. In addition to the plan, in 2001, participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in that plan. For the active participants, retirees and pensioners of the defined benefit plan, now closed to new members, the present value of the actuarial obligations of the plan is fully covered by guarantee assets.

Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) maintains defined contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social – Bases related to the former employees of Baneb.

Bradesco sponsors both defined benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão (Capof), to employees originating from Banco BEM S.A.

Bradesco sponsors a defined benefit plan through Caixa de Previdência Privada Bec – Cabec for employees of Banco do Estado do Ceará S.A.

Kirton Bank Brasil S.A., Kirton Capitalização S.A., Kirton Corretora de Seguros S.A., Bradesco Kirton Corretora de Títulos e Valores Mobiliários S.A. and Kirton Seguros S.A. sponsor a defined benefit plan called APABA for employees originating from Banco Bamerindus do Brasil S.A., and Kirton Administração de Serviços para Fundos de Pensão Ltda. sponsors for its employees a defined contribution plan, known

as the Kirton Prev Benefits Plan (*Plano de Benefícios Kirton Prev*), both managed by MultiBRA – Pension Fund.

Banco Losango S.A., Kirton Bank Brasil S.A. and Credival – Participações, Administração e Assessoria Ltda. sponsor three pension plans for its employees, which are: Losango I Benefits Plan – Basic Part, in the defined benefit mode, Losango I – Supplementary Part and PREVMAIS Losango Plan, the last two in the form of contribution variable, all managed by MultiBRA – Settlor – Multiple Fund.

Bradesco also took on the obligations of Kirton Bank Brasil S.A. with regard to Life Insurance, Health Insurance Plans, and Retirement Compensation for employees coming from Banco Bamerindus do Brasil S.A.

Bradesco, in its offices abroad, provides pension plans for its employees and administrators, in accordance with the standards established by the local authorities, which allows the accrual of financial resources during the professional career of the participant.

Expenses related to contributions made during the first semester of 2018 totaled R\$475,848 thousand (R\$474,174 thousand in 2017).

In addition to this benefit, Bradesco and its subsidiaries offer other benefits to their employees and administrators, including health insurance, dental care, life and personal accident insurance, and professional training. These expenses, including the aforementioned contributions, totaled R\$ 2,198,814 thousand during the first semester of 2018 (R\$2,281,875 thousand in 2017).

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Notes to the Consolidated Financial Statements****33) INCOME TAX AND SOCIAL CONTRIBUTION****a) Calculation of income tax and social contribution charges**

|   | In the six month period ended<br>June 30 - R\$ thousand |                    |
|---|---|--------------------|
|   | <b>2018</b>   | <b>2017</b>        |
| <b>Income before income tax and social contribution</b>                     | <b>8,690,914</b>  | <b>10,647,827</b>  |
| Total burden of income tax and social contribution at the current rates (1) | (3,910,911)   | (4,791,522)        |
| <b>Effect on the tax calculation:</b>                                       |   |                    |
| Equity investment in unconsolidated and jointly controlled companies        | 349,105   | 312,505            |
| Net non-deductible expenses of nontaxable income                            | 233,168   | 196,422            |
| Interest on shareholders' equity (paid and payable)                         | 1,604,284   | 1,264,571          |
| Other amounts (2)   | 2,129,115   | 415,505            |
| <b>Income tax and social contribution for the period</b>                    | <b>404,761</b>  | <b>(2,602,519)</b> |

(1) Current rates: (i) 25% for income tax; (ii) 20% for the social contribution to financial and companies treated as such, including the insurance segment, and of 9% for the other companies (Note 3h); and

(2) Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the equalization of the effective rate in relation to the rate 45% shown; and (iii) the deduction incentives.

**b) Breakdown of income tax and social contribution in the statement of income**

|   | In the six month period ended<br>June 30 - R\$ thousand |                    |
|---|---|--------------------|
|   | <b>2018</b>   | <b>2017</b>        |
| <b>Current taxes:</b>   |   |                    |
| <b>Income tax and social contribution payable</b>               | <b>(3,475,157)</b>                                      | <b>(5,676,269)</b> |
| <b>Deferred taxes:</b>  |   |                    |
| Amount recorded/realized in the period on temporary differences | 992,259   | 4,075,395          |
| <b>Use of opening balances of:</b>                              |   |                    |



|  |                  |                    |
|--|------------------|--------------------|
| Social contribution loss                                 | (256,981)        | (499,235)          |
| Income tax loss  | (277,122)        | (606,943)          |
| <b>Constitution in the period on:</b>                    |                  |                    |
| Social contribution loss                                 | 1,285,728        | 55,580             |
| Income tax loss  | 2,136,034        | 48,953             |
| <b>Total deferred tax assets</b>                         | <b>3,879,918</b> | <b>3,073,750</b>   |
| <b>Income tax and social contribution for the period</b> | <b>404,761</b>   | <b>(2,602,519)</b> |

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****c) Deferred income tax and social contribution**

|   | Balance on<br>12/31/2017 | Amount<br>recorded | Realized /<br>Decrease | R\$ thousand<br>Balance on<br>06/30/2018 |
|---|--------------------------|--------------------|------------------------|--|
| Allowance for loan losses   | 29,789,386               | 3,947,333          | 2,842,983              | 30,893,736                               |
| Civil provisions  | 2,191,002                | 430,617            | 462,530                | 2,159,089                                |
| Tax provisions  | 2,874,482                | 84,040             | 74,282                 | 2,884,240                                |
| Labor provisions  | 2,160,997                | 449,389            | 200,494                | 2,409,892                                |
| Provision for devaluation of securities and investments             | 239,482                  | 27,177             | 17,685                 | 248,974                                  |
| Provision for devaluation of foreclosed assets                      | 607,613                  | 123,251            | 146,357                | 584,507                                  |
| Adjustment to fair value of trading securities                      | 3,704,394                | 546,698            | 1,099,633              | 3,151,459                                |
| Amortization of goodwill  | 346,069                  | 19,491             | 9,200                  | 356,360                                  |
| Provision for interest on shareholder's equity (1)                  | -                        | 746,464            | -                      | 746,464                                  |
| Other   | 4,921,716                | 1,186,500          | 1,715,537              | 4,392,679                                |
| <b>Total deductible taxes on temporary differences</b>              | <b>46,835,141</b>        | <b>7,560,960</b>   | <b>6,568,701</b>       | <b>47,827,400</b>                        |
| Income tax and social contribution losses in Brazil and overseas    | 5,003,872                | 3,421,762          | 534,103                | 7,891,531                                |
| <b>Subtotal (2)</b>   | <b>51,839,013</b>        | <b>10,982,722</b>  | <b>7,102,804</b>       | <b>55,718,931</b>                        |
| Adjustment to fair value of available-for-sale securities           | 557,807                  | 845,178            | 90,246                 | 1,312,739                                |
| <b>Total deferred tax assets (Note 10b)</b>                         | <b>52,396,820</b>        | <b>11,827,900</b>  | <b>7,193,050</b>       | <b>57,031,670</b>                        |
| <b>Deferred tax liabilities (Note 33f)</b>                          | <b>4,562,687</b>         | <b>890,058</b>     | <b>1,809,316</b>       | <b>3,643,429</b>                         |
| <b>Deferred tax assets, net of deferred tax liabilities</b>         | <b>47,834,133</b>        | <b>10,937,842</b>  | <b>5,383,734</b>       | <b>53,388,241</b>                        |
| <b>- Percentage of net deferred tax assets on capital (Note 31)</b> | <b>45.7%</b>             |                    |                        | <b>54.6%</b>                             |
| <b>- Percentage of net deferred tax assets over total assets</b>    | <b>3.9%</b>              |                    |                        | <b>4.3%</b>                              |

(1) The tax credit on interest on shareholder's equity is accounted for up to the permitted tax limit; and

(2) Deferred tax assets from financial companies and similar companies, and insurance companies were calculated considering the increase in the social contribution rate, determined by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h). With regard to the temporary effects produced by the adoption of Law No. 13,169/15, which raised the rate of the social contribution to 20%, the deferred tax assets, are calculated

based on the expected implementation.

**d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution**

|              | R\$ thousand          |                     |   |                     |                   |
|--------------|-----------------------|---------------------|---|---------------------|-------------------|
|              | Temporary differences |                     | Income tax and social contribution losses |                     | Total             |
|              | Income tax            | Social contribution | Income tax                                | Social contribution |                   |
| 2018         | 3,662,148             | 2,612,151           | 122,865                                   | 87,685              | 6,484,849         |
| 2019         | 7,365,835             | 4,342,178           | 285,416                                   | 110,753             | 12,104,182        |
| 2020         | 6,684,642             | 3,888,800           | 454,769                                   | 179,773             | 11,207,984        |
| 2021         | 5,368,177             | 3,113,579           | 807,629                                   | 414,149             | 9,703,534         |
| 2022         | 3,757,072             | 2,204,317           | 555,237                                   | 322,712             | 6,839,338         |
| After 2022   | 2,887,231             | 1,941,270           | 2,251,004                                 | 2,299,539           | 9,379,044         |
| <b>Total</b> | <b>29,725,105</b>     | <b>18,102,295</b>   | <b>4,476,920</b>                          | <b>3,414,611</b>    | <b>55,718,931</b> |

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

On June 30, 2018, the present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, amounts to R\$52,138,303 thousand (R\$49,698,995 thousand in 2017), of which: R\$44,741,311 thousand (2017 - R\$45,488,454 thousand) of temporary differences; and R\$7,396,992 thousand (R\$4,210,541 thousand in 2017) to tax losses and negative basis of social contribution.

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**Notes to the Consolidated Financial Statements**

**e) Unrecognized deferred tax assets**

On June 30, 2018, deferred tax assets of R\$13,639 thousand (R\$19,559 thousand in 2017) were not recognized, and will only be registered when they meet the regulatory requirements and/or present prospects of realization according to technical studies and analyses prepared by the Management and in accordance with Bacen regulations.

**f) Deferred tax liabilities**

|  | On June 30 - R\$ thousand |                  |
|--|---------------------------|------------------|
|  | <b>2018</b>               | <b>2017</b>      |
| Fair value adjustment to securities and derivative financial instruments | 624,190                   | 1,059,687        |
| Difference in depreciation   | 242,456                   | 328,103          |
| Judicial deposit and others  | 2,776,783                 | 2,287,388        |
| <b>Total</b>   | <b>3,643,429</b>          | <b>3,675,178</b> |

The deferred tax liabilities of companies in the financial and insurance sectors were established considering the increased social contribution rate, established by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

**Notes to the Consolidated Financial Statements****34) OTHER INFORMATION****a) Fair value**

The book value, net of loss provisions of the principal financial instruments is shown below:

| Portfolio  | On June 30 - R\$ thousand                  |             |                     |             |                         |             |
|--|--|-------------|---------------------|-------------|-------------------------|-------------|
|  | Unrealized gain/(loss) without tax effects |             |                     |             | In shareholders' equity |             |
|  | Book value                                 | Fair value  | In income statement |             |                         |             |
|  | 2018                                       |             | 2018                | 2017        | 2018                    | 2017        |
| Securities and derivative financial instruments (Notes 3e, 3f and 7) | 534,314,942                                | 535,608,218 | (593,521)           | 3,477,194   | 1,293,276               | 2,609,460   |
| - Adjustment of available-for-sale securities (Note 7bII)            |  |             | (1,886,797)         | 867,734     | -                       | -           |
| - Adjustment of held-to-maturity securities (Note 7c item 4)         |  |             | 1,293,276           | 2,609,460   | 1,293,276               | 2,609,460   |
| Loan and leases (Notes 2, 3g and 9) (1)                              | 390,105,004                                | 390,816,162 | 711,158             | (3,841,295) | 711,158                 | (3,841,295) |
| Investments (Notes 3j and 12) (2)                                    | 8,145,364                                  | 27,080,807  | 18,935,443          | 24,205,864  | 18,935,443              | 24,205,864  |
| Treasury shares (Note 22d)   | 440,514                                    | 692,904     | -                   | -           | 252,390                 | 229,174     |
| Time deposits (Notes 3n and 15a)                                     | 163,204,846                                | 162,939,554 | 265,292             | 306,739     | 265,292                 | 306,739     |
| Funds from issuance of securities (Note 15c)                         | 153,302,710                                | 152,607,659 | 695,051             | (146,878)   | 695,051                 | (146,878)   |
| Borrowing and on-lending (Notes 16a and 16b)                         | 51,367,649                                 | 51,190,759  | 176,890             | 295,763     | 176,890                 | 295,763     |
| Subordinated debts (Note 18)   | 42,756,455                                 | 43,147,100  | (390,645)           | (902,504)   | (390,645)               | (902,504)   |
| Unrealized gains excluding tax                                       |  |             | 19,799,668          | 23,394,883  | 21,938,855              | 22,756,323  |

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and

(2) Primarily includes the surplus of interest in subsidiaries, associates and jointly controlled companies (Cielo, Odontoprev, IRB and Fleury).

**Determination of the fair value of financial instruments:**

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price at the reporting date. If no quoted market price is available, amounts are estimated based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Organization for new contracts with similar features. These rates are consistent with the market at the reporting date; and
- Time deposits, funds from issuance of securities, borrowing and on-lending were calculated by discounting the difference between the cash flows under the contract terms and our prevailing market rates for the same product at the reporting date.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

**Notes to the Consolidated Financial Statements**

**b)** The Organization manages investment funds and portfolios with net assets which, on June 30, 2018, amounted to R\$843,865,461 thousand (R\$776,647,165 thousand in 2017).

**c) Consortium funds**

|  | On June 30 - R\$ thousand |             |
|--|---------------------------|-------------|
|  | <b>2018</b>               | <b>2017</b> |
| Monthly estimate of funds receivable from consortium members | 648,493                   | 607,210     |
| Contributions payable by the group                           | 30,638,913                | 30,245,004  |
| Consortium members - assets to be included                   | 26,553,286                | 26,388,770  |
| Credits available to consortium members                      | 6,162,460                 | 5,796,239   |

**b)**

|                                     | On June 30 - In units |             |
|-------------------------------------|-----------------------|-------------|
|                                     | <b>2018</b>           | <b>2017</b> |
| Number of groups managed            | 3,489                 | 3,610       |
| Number of active consortium members | 1,443,669             | 1,384,333   |
| Number of assets to be included     | 616,613               | 629,062     |

**d)** As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) has issued several accounting pronouncements, as well as their interpretations and guidelines, which are applicable to financial institutions only after approval by CMN. Until June 30, 2018, the accounting pronouncements approved by CMN and adopted by Bradesco in prior periods were as follows:

- Resolution No. 3,566/08 – Impairment of Assets (CPC 01);
- Resolution No. 3,604/08 – Statement of Cash Flows (CPC 03);
- Resolution No. 3,750/09 – Related Party Disclosures (CPC 05);
- Resolution No. 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25);
- Resolution No. 3,973/11 – Subsequent Event (CPC 24);

- Resolution No. 3,989/11 – Share-based Payment (CPC 10 - R1);
- Resolution No. 4,007/11 – Accounting Policies, Changes in Estimates and Error Correction (CPC 23);
- Resolution No. 4,144/12 – Basic Conceptual Pronouncement (R1); and
- Resolution No. 4,424/15 – Employee Benefits (CPC 33 – R1).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be applied prospectively or retrospectively.

CMN Resolution No. 3,786/09 and Circular Letters No. 3,472/09 and No. 3,516/10 establish that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, since December 31, 2010, annually prepare and publish in up to 90 days after the reference date of December 31 their consolidated financial statements, prepared under the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). As required by Resolution, on March 8, 2018, Bradesco published its consolidated financial statements for December 31, 2017 and 2016 on its website, in accordance with IFRS.

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## Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal C

**Notes to the Consolidated Financial Statements**

e) In the first semester of 2018, in order to adjust the structural levels of compulsory deposits, simplify and improve the rules and induce a reduction in the cost of credit, the Central Bank changed its rules for the collection of compulsory deposits, according to the table below:

| Description              | Standard before amendment  | Amended standard   |
|--------------------------|--|--|
| Savings deposits         | The compulsory savings reserve was 24.5% on the calculation basis defined in regulation.   | As from May 7, 2018, the compulsory deposit on savings deposits was reduced to 20% on the calculation basis defined in regulation.   |
| Savings deposits (Rural) | The reserve requirements on rural savings was 21% on the basis of calculation defined in regulation.   | As from May 7, 2018, the compulsory deposit on rural savings was reduced to 20% on the calculation basis defined in regulation.  |
| Demand deposits          | <p>The daily verification of compliance with the requirement to pay cash deposits was made in accordance with the sum of the daily closing balance of the Bank Reserves account, the arithmetic mean of the financial institution's deposits recorded under "1.1.1.10.00-6 Cash "of Cosif at the close of each business day of the respective calculation period up to the limit of 40% (forty percent) of the chargeable charge to the institution and of the balance of operations valid for deduction of the compulsory payment on demand, verified in the respective calculation period, considering their respective regulatory limits.</p> <p>The deductibility value of the base calculation of the reserve requirement on demand resources corresponding to the arithmetic average of the RSVs (Value Subject to Gathering) calculated in the calculation period, was R\$ 70,000,000.00.</p> | <p>As from May 7, 2018, the daily verification of the compliance with the requirement of the compulsory deposit for demand deposits started to be made according to the sum of the daily closing balance of the Bank Reserves account and time base value, valid for deduction of reserve requirement on demand resources.</p> <p>From May 7, 2018, the deductible value of the compulsory deposit on demand resources corresponding to the arithmetic average of the RSVs (Value Subject to Gathering) calculated in the calculation period passed to R\$ 200,000,000.00.</p> |

The compulsory reserve on demand wasAs of May 7, 2018, the compulsory deposit 40%, based on the calculation basis on cash resources passed to 25%, based on defined in regulations. the calculation defined in regulations.

f) On July 20, 2018, Odontoprev, a controlled company of Bradesco Saúde S.A., informed the Market the acquisition of 100% of the share capital of Odonto System Planos Odontológicos Ltda., a company with head offices in Fortaleza /Ceará, for the amount of R\$201,637 thousand, in addition to this amount, the acquisition foresees a variable price for the future, observing the achievement of the future targets of growth of the EBITDA for Odonto System on 2018 and 2019. This transaction was approved, with no restrictions, by the Agência Nacional de Saúde Suplementar – ANS (National Supplementary Health Agency), Brazilian Central Bank – BACEN and Administrative Council for Economic Defense –CADE.

The transaction will be submitted to the approval of the shareholders of the company, in General Meeting expected for August 6, 2018.

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**Management Bodies**

**Reference date: July 10, 2018**

Gilvandro Matos Silva

**Board of Directors**

Jefferson Ricardo Romon

José Augusto Ramalho Miranda

**Chairman**

Luiz Carlos Trabuco Cappi

José Gomes Fernandes

Julio Cardoso Paixão

Klayton Tomaz dos Santos

Manoel Guedes de Araujo Neto

**Vice-Chairman**

Carlos Alberto Rodrigues  
Guilherme

Marcos Antônio Martins

**Members**

Denise Aguiar Alvarez

João Aguiar Alvarez

Milton Matsumoto

Nairo José Martinelli Vidal Júnior

Oswaldo Tadeu Fernandes

Paulo Eduardo Waack

Roberto França

Roberto Medeiros Paula

Romero Gomes de Albuquerque

Alexandre da Silva Glüher

Victor Rosa Marinho de Queiroz

Josué Augusto Pancini

Maurício Machado de Minas

**Regional Officers**

Ademir Aparecido Correa Junior

**Board**

Alberto do Nascimento Lemos

Almir Rocha

**Executive Officers**

Altair Luiz Guarda

**Chief Executive Officer**

Octavio de Lazari Junior

Altair Naumann

Amadeu Emilio Suter Neto

Antonio Piovesan

**Executive Vice-Presidents**

Josué Augusto Pancini

Maurício Machado de Minas

Marcelo de Araújo Noronha

César Cabús Berenguer Silvany

Delvair Fidêncio de Lima

Francisco Assis da Silveira Junior

Francisco Henrique França Fernandes

**Integrated Risk Management  
Committee**

**and Capital Allocation**

André Rodrigues Cano -  
Coordinator

Alexandre da Silva Glüher

Josué Augusto Pancini

Maurício Machado de Minas

Marcelo de Araújo Noronha

Moacir Nachbar Junior

Cassiano Ricardo Scarpelli

Eurico Ramos Fabri

Marlos Francisco de Souza  
Araujo

**Risk Committee**

José Alcides Munhoz -  
Coordinator

Carlos Alberto Rodrigues  
Guilherme

André Rodrigues Cano

**Succession Planning and  
Nomination**

**Committee**

Luiz Carlos Trabuco Cappi -  
Coordinator

Carlos Alberto Rodrigues  
Guilherme

Milton Matsumoto

Octavio de Lazari Junior

André Rodrigues Cano

Glaucimar Peticov

|                                       |  |   |
|---------------------------------------|--|---|
|                                       |  | <b>Sustainability and Diversity Committee</b> |
|                                       |  | Luiz Carlos Trabuco Cappi - Coordinator       |
|                                       |  | Carlos Alberto Rodrigues Guilherme            |
|                                       |  | Milton Matsumoto                              |
|                                       |  | Alexandre da Silva Glüher                     |
|                                       |  | Josué Augusto Pancini                         |
|                                       |  | Maurício Machado de Minas                     |
|                                       |  | Octavio de Lazari Junior                      |
|                                       |  | Marcelo de Araújo Noronha                     |
|                                       |  | André Rodrigues Cano                          |
|                                       |  | Denise Pauli Pavarina                         |
|                                       |  | Moacir Nachbar Junior                         |
| André Rodrigues Cano                  | Geraldo Dias Pacheco                                     |   |
| Cassiano Ricardo Scarpelli            | João Alexandre Silva                                     |   |
| Eurico Ramos Fabri                    | João Pedro da Silva Villela                              |   |
|                                       | Joel Queiroz de Lima                                     |   |
| <b>Managing Directors</b>             | José Flávio Ferreira Clemente                            |   |
| Denise Pauli Pavarina                 | José Roberto Guzela                                      |   |
| Moacir Nachbar Junior                 | Luís Francisco da Silva Júnior                           |   |
| Renato Ejnisman                       | Nelson Veiga Neto  |   |
| Walkiria Schirrmeister Marchetti      | Osmar Sanches Biscuola                                   |   |
|                                       | Paulo Roberto Andrade de Aguiar                          |   |
| <b>Deputy Directors</b>               | <b>Committees Subordinated to the Board of Directors</b> |   |
| Aurélio Guido Pagani                  |  | Eurico Ramos Fabri                            |
| Guilherme Muller Leal                 |  | Glaucimar Peticov                             |
| Luiz Carlos Brandão Cavalcanti Junior |  |   |
| Rogério Pedro Câmara                  | <b>Statutory Committees</b>                              | Marcos Aparecido Galende                      |
|                                       |  |   |
| João Carlos Gomes da Silva            | <b>Audit Committee</b>                                   |   |
| Bruno D'Avila Melo Boetger            |  |   |
|                                       |  |   |
| Glaucimar Peticov                     | Milton Matsumoto - Coordinator                           | <b>Executive Disclosure Committee</b>         |
| José Ramos Rocha Neto                 | Paulo Roberto Simões da Cunha - Financial Expert         | Denise Pauli Pavarina - Coordinator           |
|                                       | Wilson Antonio Salmeron Gutierrez                        | Josué Augusto Pancini                         |
| <b>Department Directors</b>           | <b>Compensation Committee</b>                            | Maurício Machado de Minas                     |
| Amilton Nieto                         | Luiz Carlos Trabuco Cappi - Coordinator                  | Octavio de Lazari Junior                      |
| André Bernardino da Cruz Filho        | Carlos Alberto Rodrigues Guilherme                       | Marcelo de Araújo Noronha                     |
| André Ferreira Gomes                  | Milton Matsumoto   | André Rodrigues Cano                          |
| Antonio Carlos Melhado                | Valdirene Soares Secato (non-Manager)                    | Moacir Nachbar Junior                         |
| Antonio Daissuke Tokuriki             |  | Antonio José da Barbara                       |
| Antonio Gualberto Diniz               | <b>Non-Statutory Committees</b>                          | Carlos Wagner Firetti                         |
| Antonio José da Barbara               |  | Marcelo Santos Dall'Occo                      |
| Carlos Wagner Firetti                 | <b>Compliance and Internal Control Committee</b>         | Marcos Aparecido Galende                      |
| Clayton Camacho                       | Carlos Alberto Rodrigues Guilherme - Coordinator         | Oswaldo Tadeu Fernandes                       |
|                                       |  | Haydewaldo Roberto Chamberlain da Costa       |
| Edilson Wiggers                       |  | <b>Fiscal Consil</b>                          |
| Edson Marcelo Moreto                  |  |   |
| Fernando Antônio Tenório              |  |   |

## Edgar Filing: BANK BRADESCO - Form 6-K

Frederico William Wolf

Hiroshi Obuchi

João Albino Winkelmann

José Sérgio Bordin

Layette Lamartine Azevedo Júnior

Leandro José Diniz

Lucio Rideki Takahama

Marcelo Frontini

Marcelo Santos Dall'Occo

Marcio Henrique Araujo Parizotto

Marcos Aparecido Galende

Marlos Francisco de Souza Araujo

Mauricio Gomes Maciel

Paulo Aparecido dos Santos

Paulo Manuel Taveira de Oliveira  
Ferreira

Roberto de Jesus Paris

Waldemar Ruggiero Júnior

### **Directors**

Albert Adell Roso

Alexandre Cesar Pinheiro Quercia

Antranik Haroutiunian

Carlos Alberto Alástico

Carlos Henrique Villela Pedras

Carlos Leibowicz

Edilson Dias dos Reis

Edmir José Domingues

Fernando Freiberger

Fernando Honorato Barbosa

Milton Matsumoto

Alexandre da Silva Glüher

Josué Augusto Pancini

Maurício Machado de Minas

Marcelo de Araújo Noronha

André Rodrigues Cano

Moacir Nachbar Junior

Clayton Camacho

Edilson Wiggers

Frederico William Wolf

Marlos Francisco de Souza Araujo

### **Ethical Conduct Committee**

Carlos Alberto Rodrigues Guilherme -

Coordinator

Milton Matsumoto

Alexandre da Silva Glüher

Josué Augusto Pancini

Maurício Machado de Minas

Octavio de Lazari Junior

Marcelo de Araújo Noronha

André Rodrigues Cano

Clayton Camacho

Edilson Wiggers

Frederico William Wolf

Glaucimar Peticov

Nairo José Martinelli Vidal Júnior

### **Sitting Members**

Ariovaldo Pereira - Coordinator

Domingos Aparecido Maia

José Maria Soares Nunes

João Carlos de Oliveira

Walter Luis Bernardes Albertoni

### **Deputy Members**

Jorge Tadeu Pinto de Figueiredo

Nilson Pinhal

Renaud Roberto Teixeira

José Luiz Rodrigues Bueno

Reginaldo Ferreira Alexandre

### **Ombudsman Department**

Nairo José Martinelli Vidal Júnior

-

Ombudsman

### **General Accounting Department**

Oswaldo Tadeu Fernandes

Accountant-CRC 1SP271968/O-5

Bradesco

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

***Independent Auditors' Report on the Consolidated Financial Statements***

To

Shareholders and the Board of Directors of

Banco Bradesco S.A.

Osasco – SP

**Opinion**

We have audited the consolidated financial statements of Banco Bradesco S.A. (“Bradesco”), which comprise the consolidated balance sheet as of June 30, 2018 and the respective consolidated statements of income, changes in shareholders’ equity and cash flows for the semester then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bradesco as of June 30, 2018, the consolidated performance of its operations and its respective consolidated cash flows, for the semester then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

**Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the “*The Auditors’ responsibilities for the audit of the consolidated financial statements*” section of our report. We are independent of Bradesco and its subsidiaries, in accordance with the ethical requirements established in the Accountant’s Professional Ethics Code and the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the current semester. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not express a separate opinion on these matters.

**§ Allowance for doubtful accounts**

As disclosed in Notes 3g and 9, for purposes of measuring the allowance for doubtful accounts, which total amount shown in the Consolidated Financial Statements is R\$ 35,152,645 thousand, Bradesco classifies its loans (which comprise loans, leasing, advances on foreign exchange contracts, other receivables with credit characteristics), into nine risk levels, taking into account inputs and assumptions, from clients and

operations, such as late payments, economic and financial position, indebtedness level, economy sector, guarantee characteristics, and the other factors and assumptions described in CMN Resolution No. 2.682/1999, with rating “AA” being the minimum risk level, and “H” the maximum risk level. Bradesco initially applies the loss percentages established in such Resolution for each risk level for purposes of calculating the allowance and further increases the allowance, when necessary, based on additional internal evaluations (excess provision). The classification of loans into risk levels as well as the loss percentages related to each risk level requires Bradesco to make assumptions and judgments, based on its internal risk classification methodologies, and the allowance for doubtful accounts represent Bradesco’s best estimate of the portfolio losses. Due to the relevance of loans and the uncertainties related to the estimate of the allowance for doubtful accounts, we consider this as a significant matter in our audit.

### **How our audit addressed this matter**

We evaluate the design, operating effectiveness of the internal controls related to the processes of approval, recording and accrual of loans as well as the internal risk rating methodologies that support the classification of transactions, the main assumptions used for calculation and the arithmetic accuracy of the allowance for doubtful accounts. We also evaluate, on a sampling basis, whether Bradesco met the minimum requirements established by the CMN Resolution No. 2.682/1999, related to the determination of the allowance for doubtful accounts. We also evaluated whether the disclosures made in the consolidated financial statements, included in Notes 3g and 9.

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Independent Auditors' Report on the Consolidated Financial Statements***

Based on the evidence obtained from the procedures summarized above, we considered adequate Bradesco's estimate of the allowance for doubtful accounts, as well as the respective disclosures in the context of the consolidated financial statements taken as a whole.

**§ Measurement of financial instruments**

As disclosed in the Notes 3e, 3f, 7 and 34a, derivative financial instruments amount to R\$ 16,197,700 thousand (assets) and R\$ (16,603,583) thousand (liabilities), available-for-sale securities amount to R\$ 237,857,805 thousand and trading securities amount to R\$ 224,020,543 thousand. These instruments, measured at market value, are relevant to the consolidated financial statements of Bradesco. For the financial instruments whose the market prices or parameters are not observable, the determination of the market values is subject to a higher uncertainty level, to the extent Bradesco makes significant judgments to estimate such amounts. In addition, financial assets classified as available-for-sale and held-to-maturity are also evaluated for indications of evidence of impairment losses. Therefore, we consider the market value measurement of these financial instruments as a significant matter in our audit.

**How our audit addressed this matter**

As part of our procedures, we evaluate the design, operating effectiveness of the relevant internal controls implemented by Bradesco to mitigate the risk of material misstatement in the consolidated financial statements arising from uncertainties in the market value measurement of financial instruments. For a sample of financial instruments which market value measurement parameters are not observable, we evaluate, with the technical support of our specialists in financial instruments, the models developed by Bradesco for determining market values and the reasonableness of data, parameters and information included in the pricing models used, and we recalculate the amount of operations, as well as the criteria and policies related to indications of evidence of impairment losses. Our procedures also included the evaluation of the disclosures made by Bradesco in the consolidated financial statements described in Notes 3e, 3f, 7 and 34a.

Based on the evidence obtained from the procedures summarized above, we considered the market value measurement of financial instruments and respective disclosures adequate in the context of the consolidated financial statements taken as a whole.

**§ Provisions and contingent liabilities - tax, civil and labor**

As described in Notes 3p and 17, Bradesco is defendant in lawsuits of tax, civil and labor nature, related to the normal course of its activities, which total provision recognized in the consolidated financial statements amounts to R\$ 7,803,196 thousand, R\$ 5,443,371 thousand, and R\$ 5,989,460 thousand, respectively.



Some laws, regulations and legal disputes in Brazil have high complexity levels, and, therefore, the measurement, recognition and disclosure of Provisions and Contingent Liabilities, related to lawsuits, and/or, in certain cases, adherence to laws and regulations, require Bradesco's professional judgment. Due to the relevance, complexity and judgment involved in the evaluation, measurement, definition of recognition and disclosures related to Provisions and Contingent Liabilities, we consider this as a significant matter in our audit.

#### **How our audit addressed this matter**

Our audit procedures included the evaluation of the design, operating effectiveness of the internal controls related to the identification, evaluation, measurement and disclosure of Provisions and Contingent Liabilities, as well as those related to the compliance with laws and regulations. Additionally, on test basis, we evaluate the sufficiency of the recognized provisions and disclosed contingency amounts, by evaluating the criteria and assumptions adopted in the measurement methodology, also considering the assessment of the internal and external legal advisors of Bradesco, as well as historical data and information. This work included the involvement of our legal experts in the evaluation of the likelihood of unfavorable outcome and of the documentation and information related to the main tax matters involving Bradesco. We also evaluated whether the disclosures made in the consolidated financial statements are in accordance with the applicable accounting practices and provide information on the nature, exposure and amounts of provisions or disclosures related to the main tax, civil and labor matters in which Bradesco is involved.

Bradesco

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

### ***Independent Auditors' Report on the Consolidated Financial Statements***

Based on the evidence obtained from the procedures summarized above, we considered adequate Bradesco's estimate of the provisions and contingent liabilities, as well as the respective disclosures in the context of the consolidated financial statements taken as a whole.

#### **§ Impairment of assets**

The consolidated financial statements include deferred tax assets in the amount of R\$ 57,031,670 thousand (Note 33) and intangible assets, which include goodwill on acquisitions in the amount of R\$ 7,926,986 thousand and other intangible assets in the amount of R\$ 3,763,474 thousand (Note 14) which realization depends on future profitability based on business plans and budgets prepared by Bradesco and which are supported by several economic and business assumptions, among others. Since they require the exercise of judgment, such estimates are prepared and reviewed internally according to Bradesco's governance framework. As described in Notes 3h, 3l and 3m, considering the frequent changes that occur in the economic or regulatory environment of the markets where it operates, Bradesco continuously evaluate the assumptions and estimates of taxable profit, profitability of the cash generating units (CGU) to which goodwill and intangible assets are allocated, growth rates, discount rates, and cash flow projections or at least the existence of indicators of impairment of assets. In view of the relevance of the future profitability estimates made and the impact that changes in the assumptions of such estimates would have on the consolidated financial statements, we consider this area relevant to our audit.

#### **How our audit addressed this matter**

On a sampling basis, we tested the design, operating effectiveness of the relevant internal controls related to Bradesco's assessment of indicators that the related assets may have suffered devaluation. Additionally, we evaluate the reasonableness and consistency of the data and assumptions used in the preparation of this evaluation. We also made the analysis of the reasonableness of the mathematical calculations included in the technical study to support the tax credits. Our procedures also included the evaluation of the disclosures made by Bradesco in the consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we considered the measurement of impairment and the respective disclosures adequate in the context of the consolidated financial statements taken as a whole.

#### **§ Technical Provisions – Insurance and Pension Plans**

As mentioned in Notes 3o and 20, Bradesco has liabilities related to insurance and pension plans contracts denominated Technical Provisions, in the amount of R\$ 244,198,465 thousand. In view of the uncertainties inherent in insurance and pension plans contracts, the process of determination and measurement of technical reserves which includes the liability adequacy test, involves a high judgment level. Bradesco continuously evaluates methodologies and assumptions, which include, among others, expectations of loss ratio, mortality, longevity, persistency, conversion into income and interest rates. Due to the relevance of Bradesco's judgment, subjectivity, uncertainties and the impact that eventual changes in assumptions and methodologies would have on the amount of Technical Provisions, we consider this matter relevant to our audit.

### **How our audit addressed this matter**

On sampling basis, we tested the design, operating effectiveness of the significant internal controls related to the Technical Provisions. With the technical support of our actuarial specialists, we made the evaluation of the methodologies used for measuring technical reserves and the liability adequacy test. We also evaluated, on a sample bases, the consistency of data and reasonableness of assumptions, such as loss ratio, mortality, longevity, persistency, conversion into income and interest rates, and we made the recalculation tests. Our audit procedures also included the evaluation of the disclosures made in the consolidated financial statements Notes 3o and 20.

Based on evidence obtained from the procedures summarized above, we considered Bradesco's estimate for the technical provisions of insurance and pension plans, as well as the respective disclosures adequate in the context of the consolidated financial statements taken as a whole.

### **§ Application controls and information technology general controls**

Bradesco has a technological structure as well as a technology investment plan for conducting its business. The technology environment has processes of access management and changes in the systems and applications, development of new programs, besides automated controls and/or controls with automated components in the several relevant processes. In order to maintain its operations, Bradesco provides its employees with access to systems and applications, taking into account the duties performed by them and within its organizational structure. The controls to authorize, monitor, restrict, and/or revoke the respective accesses to this environment are important to assure that the accesses and information updates are appropriately performed and by the appropriate professionals, to mitigate the potential risk of fraud or error arising from inappropriate access or change in a system or information, and to guarantee the integrity of the financial information and accounting records. In view of the high investment level and heavy dependence of Bradesco on its technology systems, the high daily volume of processed transactions and the importance of access controls and the management of changes in its systems and applications, we consider that this area is relevant to our audit.

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

## ***Independent Auditors' Report on the Consolidated Financial Statements***

### **How our audit addressed this matter**

The design, operating effectiveness of access controls, such as authorization of new users, revocation of terminated users, and periodic monitoring of active users were tested, on a sample basis, with the assistance of our information technology specialists, whenever we plan to rely on specific information extracted from certain systems, considered relevant for the purpose of preparing the consolidated financial statements. In areas where our judgment is highly dependent on information technology, our tests included assessing password policies, security settings, and control over developments and changes in systems and applications. In addition, when we identify key internal controls for the financial reporting process and other relevant fully automated processes or with some component dependent on systems and applications, we tested, with the assistance of our information technology specialists, the design, operating effectiveness of these controls.

The evidence obtained from the above summarized procedures has allowed us to consider information from certain systems to plan the nature, time and extension of our substantive tests in the context of the consolidated financial statements taken as a whole.

### **Other matters**

### **Statement of added value**

The consolidated statement of added value for semester the ended June 30, 2018, prepared under the responsibility of Bradesco's management, and presented as supplementary information in relation to the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, was subjected to audit procedures performed in conjunction with the audit of Bradesco's consolidated financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the consolidated financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these consolidated statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the consolidated financial statements taken as a whole.

### **Individual financial statements**

Bradesco prepared a complete set of individual financial statements of Banco Bradesco S.A. for semester the ended June 30, 2018 in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil that were presented separately, over which we issued a separate independent audit report, without any modification, dated July 25, 2018.

**Other information that accompany the consolidated financial statements and the auditor report**

Bradesco's management is responsible for the other information. The other information comprises the Management's Report.

Our opinion on the consolidated financial statements does not cover other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Bradesco

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

*Independent Auditors' Report on the Consolidated Financial Statements*

**Responsibilities of management and those in charge with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Bradesco's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate Bradesco and its subsidiaries or to cease operations, or there has no realistic alternative but to do so.

Those charged with governance are those responsible for overseeing Bradesco's financial reporting process.

**Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bradesco and its subsidiaries internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by Bradesco.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on Bradesco's ability to continue as going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause Bradesco and its subsidiaries to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements,

- including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Economic and Financial Analysis Report – June 2018

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

*Independent Auditors' Report on the Consolidated Financial Statements*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current semester, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matters, or when, in extremely rare circumstances, we determine a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Osasco, July 25, 2018

KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

Bradesco



Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

***Audit Committee Report Summary***

**To the Board of Directors of the**

**BRADESCO ORGANIZATION**

- **PRESENTATION**

The Statutory Audit Committee is a Body of a permanent nature, linked directly to the Board of Directors of the Bradesco Organization, governed by Resolution No. 3,198/2004, of the National Monetary Council (CMN), and other applicable regulations, among which is Law No. 6,404/76 - *Lei das S/A* (Corporation Law) and the Sarbanes-Oxley Act - for Companies registered in the U.S. Securities and Exchange Commission and listed on the New York Stock Exchange, possessing its own Internal Regulation, available on the website [www.bradesco.com.br/ri](http://www.bradesco.com.br/ri), area of Corporate Governance.

The Audit Committee has the purpose of advising the Board of Directors on the exercise of its duties, acting primarily regarding (i) the quality, transparency and integrity of the individual and consolidated financial statements; (ii) the effectiveness of internal controls to mitigate the risks in relevant processes; and (iii) the assurance of the independence and quality of the work of Independent and Internal Audits.

It is the responsibility of the Management and of the Independent Audit to ensure that the individual or consolidated financial statements of the Bradesco Organization are complete and accurate, and are presented in accordance with the practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Audit Committee is composed of a Board of Directors' Member – Milton Matsumoto (coordinator), Paulo Roberto Simões da Cunha (financial specialist), and Wilson Antonio Salmeron Gutierrez. All the members meet the independence criteria set out in the current legislation.

- **DUTIES AND RESPONSIBILITIES**

- **Management of Banco Bradesco and its Affiliated Companies**

The Management is responsible: (i) for the definition and implementation of processes and procedures in order to collect data for the preparation of the financial statements, in compliance with the corporate legislation, with the accounting practices adopted in Brazil, in addition to those issued by the International Accounting Standards Board (IASB), of normative acts relevant to the Securities and Exchange Commission (CVM) and, due to Banco Bradesco being listed on the New York Stock Exchange, of the standards established by the Securities and Exchange Commission (CVM) by the Sarbanes-Oxley Act (SOX); (ii) for preparing and ensuring the integrity of financial statements, managing risks, maintaining an effective system of internal controls and ensuring compliance with the activities in accordance with the legal rules and regulations, and (iii) for processes, policies and internal control procedures to ensure the safeguarding of assets, the timely recognition of liabilities and the elimination or reduction, to acceptable levels of risk factors.

- **Internal Audit**

The area directly subordinate to the Board of Directors. It responds by conducting periodic assignments, focused on the main risks, evaluating, wide and independently, the actions of management of these risks and the adequacy of internal controls and governance,

contemplating the areas and activities that have risks that are more sensitive to the operations and strategy of the Bradesco Organization.

In accordance with the existing regulations, the Audit Committee and the Board of Directors are responsible for approving the Regulation, the Work Plan and the Annual Report on the Activities of the Internal Audit.

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Audit Committee Report Summary***

- **Independent Audit**

KPMG Auditores Independentes (KPMG) is responsible for the audit of the annual financial statements published and for the revision of the quarterly information (ITRs) filed with the CVM, issuing reports that reflect the results of their verifications and to present their independent opinion regarding the reliability of the financial statements in relation to the practices adopted in Brazil, issued by the Accounting Pronouncements Committee (CPC) and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), besides the adherence to the standards of the CVM, precepts of the Brazilian corporation law and North American regulations applicable to Banco Bradesco.

- **Risk Management and Monitoring**

The Department of Risk Management (DCIR), linked to the Vice-Presidency of Risks, is responsible for strengthening the integrated vision of risks, through the identification, assessment, monitoring and management of risks, in conjunction with the various areas and companies of the Bradesco Organization.

- **Compliance and Internal Controls**

The Department of Compliance, Conduct and Ethics (DCCE) is responsible for supporting the Board of Directors, the Audit Committee and the Board of Executive Officers in conducting a Program of Corporate Conduct (Compliance), which consists in the compliance with the internal and external laws and regulations, aligned with the Organization's strategy and its social surroundings.

It is also responsible for establishing standards and subsidizing the Areas in compliance with the issues related to integrity, conflict of interests, ethics, corporate and competitive conduct, anti-corruption, prevention of money laundering and the financing of terrorism,, and sanctions (restrictive lists).

- **Customer Call Center (SAC)**

The monitoring of the performance of the Organization against the Rankings of Complaints is of competence of the Ombudsmen of Banco Bradesco and the Grupo Bradesco Seguros, reporting the main events, contributing with changes to the practices and routines to meet the expectations of clients and users.

To ensure the outcome and to stimulate the continuous improvement of processes, products and services, the Ombudsmen interact with the Dependencies and Related Companies, in addition to interacting with the Regulatory Agencies and those of Consumer Rights and Protection.

The Audit Committee holds semiannual meetings with the Ombudsman Areas.

Bradesco

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***Audit Committee Report Summary***

• **SUMMARY OF ACTIVITIES – FIRST HALF OF 2018**

The Committee has participated in 139 meetings, especially those with the Board of Directors, with the Fiscal Council, with executives from the areas of Business, Information Technology, of Internal Control, Compliance and Risk Management, with the internal and independent auditors, and with the Central Bank of Brazil. The meetings, duly formalized in Minutes, are presented as:

In the scope of Continuing Education, the members of the Committee participate in congresses, seminars and refresher courses and technical/professional development, which totaled 72 hours in the first half of 2018.

The work plan of the Audit Committee, for the period mentioned, had as its focus the main processes and products inherent to the business of the Bradesco Organization. Among the aspects considered most relevant, we highlight:

- **Impairment:** loans and advances portfolio, including guarantees, sureties and debentures;
- **Fair value of financial instruments:** measuring the fair value of derivative instruments, available-for-sale securities and trading, and their impacts when IFRS 9 is applied;

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Audit Committee Report Summary***

- **Tax, Civil and Labor Provisions:** integrity of the database and criteria adopted for the accounting provisions;
- **Recoverable value of assets – Tax Credits and Premiums:** achievement supported by assumptions and estimates of future profitability based on the business plan and budget prepared by the Management;
- **Actuarial Technical Provisions:** premises in adherence to the Actuarial Technical Notes and Pledged Assets (linked to bonds and securities);
- **Relationship with Clients:** regulatory compliance in meeting the consumer service standards: Customer Service (SAC/Ombudsman) and Prevention of Money Laundering (PLD) and the Concentration Agreement – Administrative Council for Economic Defense (CADE), Central Bank of Brazil (Bacen), and the Program of Consumer Rights and Protection (Procon): commitment signed at the time of acquisition of HSBC;
- **Management of credit portfolios:** evolution of different credit portfolios in the face of the economic framework, renewals, recoveries and concessions of new credits;
- **Compliance:** effectiveness of structures responsible for ensuring compliance with the laws, rules and regulations applicable to the business;
- **Internal Control Systems:** effective action of the first three lines of defense, as to the responsibility of each one in the improvement of the controls adopted, aiming to mitigate the risks inherent to the business processes.

- **Internal Audit**

To allow the effective and appropriate monitoring of the activities performed by the Internal Audit, in adherence to the regulations in force, the Audit Committee received information of the highlights of the

work carried out, by means of reports and executive overviews, and periodic meetings were also part of the work of the Audit Committee with the Internal Audit.

Upon acknowledgement of the focal points and recommendations, the Audit Committee has followed the remedial measures taken by the Management with the areas audited.

Annually, the function of Internal Audit is submitted to a process of technical evaluation conducted by the Committee, whose results are discussed with the Board of the Internal Audit. This practice of evaluation is one of the important items in the maintenance of the Program for Quality Certification of The Institute of Internal Auditors (IIA), which envisages the continuous improvement of the management of the processes in this Area and in the adoption of best practices (methodologies, tools and management).

**The Internal Audit has responded adequately to the demands of the Audit Committee and to the needs and requirements of the Organization and the Regulatory Agencies.**

- **Independent Audit**

With respect to the Audits of the Financial Statements of Banco Bradesco and Affiliated Companies performed in the first half of 2018, conducted by KPMG Auditores Independentes (KPMG), the teams responsible for the assignment presented, in a timely manner, the results and main conclusions to the Audit Committee.

The highlight is the procedure of this Committee, upon acknowledging the relevant aspects involving the evaluation of the accounting systems and internal controls, drawn up in connection with the audits of the Financial Statements, to monitor the implementation of the respective recommendations for the improvement of processes, systems and risk mitigations.

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Co

### ***Audit Committee Report Summary***

The Audit Committee has evaluated the proposals presented by KPMG to perform Other Services, in relation to the verification of the absence of conflicts of interest or risk of loss of independence.

Based on the planning submitted by the Independent Auditors, in subsequent discussions about the results of the assignments and the formal process of "Technical Evaluation of the Independent Audit", **the Committee considers that the assignments were adequate to the business of the Organization.**

- **Management and Monitoring of Risks**

In the meetings during the first half of 2018 with the area responsible for the Integrated Control of Risks (DCIR) and other correlated departments of the Bradesco Organization, issues regarding the Matrix of Corporate Risks were dealt with.

For the Market Risks and Liquidity, weekly, the Audit Committee through the reports received, monitors the results of the "trading" portfolio and the limits established by governance for the corresponding Value at Risk (VARs), Minimum Reserves of Liquidity (RML) and Liquidity Coverage Ratio (LCR). The main exposures in currencies, indexes and assets are also reported to the Audit Committee, including the "Banking" Portfolio with the correspondent Economic Value of Equity ( $\Delta$ EVE).

For the Credit Risks, monthly, the Committee meets with the area responsible for the Integrated Control of Risks for assessment of the evolution of the main Credit Portfolios, delinquency levels by individuals, legal entities and their respective Segments, as well as by modalities and sectors of the economy. In these meetings verifications are made as to the sufficiencies of provision, concentration levels and approaches for credit recovery.

- **Compliance and Internal Control System**

The Management of the Internal Control System in the Bradesco Organization is exercised by an Independent Unit of the commercial areas.



During the first half of 2018, the Audit Committee monitored the work of the Department of Integrated Control of Risks (DCIR), in the evaluation of adherence to the Internal Control System and in the identification, monitoring, and management of the more relevant risks.

The evaluations were completed at the time of the meetings with the various business and control areas, with the independent and internal audits, in the monitoring of the main processes, and Management's commitment to act to mitigate risks, and in the continuous improvement of the associated internal controls.

**Assumptions that allow the Audit Committee to recognize that the activities carried out in the context of Compliance and Corporate internal control system are properly routed**, considering the size and complexity of the Organization and record as positive, the efforts that have been made to guarantee the efficiency of its operations, of information that generate the financial reports, as well as the compliance with internal and external standards to which the transactions are subjected.

- **Customer Call Center (SAC)**

In the meetings of the area of Ombudsman with the Audit Committee specific situations of complaints via the various Whistle Blowing Channels available were addressed. Details presented regarding the current normatized and practiced procedures in disagreement to such guidelines, with a record of actions sent to Business managers involved with the theme of rectifying such anomalies, which allow, corporately, the improvement of processes and the acculturation of areas in the marketing of products and services of the Bradesco Organization.

- **Financial Statements of Banco Bradesco and Affiliated Companies**

The Committee met with the areas of General Accounting (CG), Planning, Budget and Control (COPD), Internal Audit (IGL) and Independent Audit (KPMG) to assess the financial statements, the occasion in which the aspects of preparation of balance sheets and individual and consolidated balance sheets, the explanatory notes and the financial reports published were verified.

Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal O

***Audit Committee Report Summary***

The accounting practices adopted were also examined, in accordance with the regulations in Brazil, including those issued by the responsible supervisory authorities – Central Bank of Brazil (Bacen), Superintendence of Private Insurance (SUSEP), Securities and Exchange Commission (CVM) and National Supplementary Health Agency (ANS). The Committee reviewed the procedures for the preparation and disclosure of the consolidated financial statements prepared in accordance with standards issued by the International Accounting Standards Board (IASB).

Before the disclosure of the Quarterly Information (ITRs) and the semiannual balance sheet of June 30, 2018, the Committee met with KPMG to assess the aspects of independence of auditors and the control environment in generating the figures for disclosure.

The Committee held a semiannual meeting with the Board of Directors of the Bradesco Organization and with the Fiscal Council, **at which time it presented the results of the work of its activities and the respective recommendations to be addressed to the executives.**

• **CONCLUSION**

Based on the work, evaluations, reviews, and discussions mentioned above, and taking into account the context and scope of its duties, the **Audit Committee on recognizing that all the relevant issues that they were presented with are adequately disclosed in the Financial Statements and Financial Reports for the fiscal year ended on June 30, 2018**, accompanied by the Report of the Independent Auditors issued with no exceptions, **recommends to the Board of Directors the approval of the mentioned Financial Statements.**

Cidade de Deus, Osasco, SP, July 25, 2018.

**MILTON MATSUMOTO**

**(Coordinator)**

**PAULO ROBERTO SIMÕES DA CUNHA**

**(Financial Specialist)**

**WILSON ANTONIO SALMERON GUTIERREZ**

Bradesco

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Consolidated Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council Report

***Fiscal Council Report***

The members of the Fiscal Council, in the exercise of their legal and statutory attributes, have examined the Management Report and the Financial Statements of Banco Bradesco S.A. for the first semester of 2018, and based on: (i) the Independent Auditors' Report on that date; (ii) the technical feasibility study for use of deferred tax assets, prepared by Bradesco's Management, in compliance with provisions established by Instruction No. 371/02, of Brazilian Securities and Exchange Commission - CVM; the Resolution No. 3,059/02, of National Monetary Council; and the Circular Letter No. 3,171/02, of the Brazilian Central Bank, whose values are shown in respective Explanatory Notes; (iii) meetings with Independent Auditors; (iv) Audit Committee reports; (v) analysis of documents and substantially, information received; and (vi) periodic meetings with administrators and managers of Bradesco's areas, concluded that the reviewed documents appropriately reflect the assets and liabilities, financial status and activities developed by Bradesco in the first semester of 2018, supporting Audit committee's opinion that internal controls are appropriate considering the size and complexity of its business, structured in conformity with internal and external standards, which are subjected and supported by financial reportings systems in order to assure operating efficiency.

In view of the foregoing, the Fiscal Council's members are of the opinion that the stated documents examined in light of the accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Brazilian Central Bank, appropriately reflect the assets and liabilities and financial status of the Company.

Cidade de Deus, Osasco, SP, July 25, 2018.

Ariovaldo Pereira

Domingos Aparecido Maia

José Maria Soares Nunes

Economic and Financial Analysis Report – June 2018

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For further information, please contact:

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Bradesco









## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 7, 2018

BANCO BRADESCO S.A.

By:

/S/Denise Pauli Pavarina

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**Denise Pauli Pavarina**  
**Executive Director Manager and**  
**Investor Relations Officer.**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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