

BANK BRADESCO  
Form 20-F  
April 30, 2018

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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# PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, the terms "Bradesco," the "Company," the "Bank," the "Bradesco Group," "we," the "Organization," "our" and "us" refer to Banco Bradesco S.A. *sociedade anônima* organized under the laws of Brazil and, unless otherwise indicated, its consolidated subsidiaries.

All references herein to "real," "reais" or "R\$" refer to the Brazilian Real, the official currency of Brazil. References herein to "U.S. dollars," "dollar" and "US\$" refer to United States dollars, the official currency of the United States of America (USA).

Our audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 and the corresponding notes, which are included under "Item 18. Financial Statements" of this annual report, were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We use accounting practices adopted in Brazil for financial institutions authorized to operate by the Central Bank of Brazil (Banco Central do Brasil), or the "Central Bank," for certain purposes, such as performance assessment, decision-making, preparation of reports for Brazilian shareholders, filings with the Brazilian Securities and Exchange Commission (CVM) and determining dividend and federal income tax payments.

Some data related to economic sectors presented in this annual report was obtained from the following sources: B3 (*Brasil, Bolsa, Balcão*) or ("B3"); Brazilian Association of Credit Card Companies and Services (*Associação Brasileira das Empresas de Cartão de Crédito e Serviços*), or ("ABECS"); Brazilian Association of Leasing Companies (*Associação Brasileira de Empresas de Leasing*), or ("ABEL"); Brazilian Association of Financial and Capital Markets Entities (*Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais*), or ("ANBIMA"); Brazilian Health Insurance Authority (*Agência Nacional de Saúde Suplementar*), or ("ANS"); Central Bank; Brazilian Bank of Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*), or ("BNDES"); National Association of Private Pension Plans and Life (*Federação Nacional de Previdência Privada e Vida*), or ("FENAPREVI"); Getulio Vargas Foundation (*Fundação Getulio Vargas*), or ("FGV"); and Private Insurance Superintendence (*Superintendência de Seguros Privados*), or ("SUSEP").

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

References in this annual report to the "common shares" and "preferred shares" are to our common shares and preferred shares, respectively, and together our "shares." References to "preferred share ADSs" in this

annual report are to preferred share American Depositary Shares, each representing one preferred share. The preferred share ADSs are evidenced by preferred share American Depositary Receipts, or preferred share ADRs, issued pursuant to an Amended and Restated Deposit Agreement, dated as of December 11, 2015, by and among us, The Bank of New York Mellon, as depositary, and the holders and beneficial owners of preferred share ADSs evidenced by preferred share ADRs issued thereunder (the "Preferred Share ADS Deposit Agreement").

References to "common share ADSs" in this annual report are related to common share American Depositary Shares, with each common share ADS representing one common share. The common share ADSs are evidenced by common share American Depositary Receipts, or common share ADRs, issued pursuant to an Amended and Restated Deposit Agreement dated as of December 11, 2015, by and among us, The Bank of New York Mellon, as depositary, and the holders and beneficial owners of common share ADSs evidenced by common share ADRs issued thereunder (the "Common Share ADS Deposit Agreement" and, together with the "Preferred Share ADS Deposit Agreement," the "Deposit Agreements").

References throughout this annual report to "ADSs" are to our preferred share ADSs and common share ADSs, together.

Throughout this annual report, we may indicate that certain information is available at different websites operated by us. None of the information on the websites referred to or mentioned in this annual report is part of or is incorporated by reference herein.

This annual report translates certain real amounts into U.S. dollars solely for the convenience of the reader. Unless otherwise noted in this annual report, all such real amounts have been translated at the rate of R\$3.3238 per US\$1.00, which was the Central Bank rate published on March 29, 2018. Such conversion

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**FORWARD-LOOKING STATEMENTS**  
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should not be construed as a representation that the real amounts correspond to, or have been or could be converted into, U.S. dollars at that rate or any other rate.

## **FORWARD LOOKING STATEMENTS**

This annual report contains forward looking statements as defined in Section 27A of the Securities Act of 1933, as amended, or the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act." These statements are based mainly on our current expectations and projections of future events and financial trends that affect or might affect our business. In addition to the items discussed in other sections of this annual report, there are many significant factors that could cause our financial condition and results of operations to differ materially from those set out in our forward-looking statements, including, but not limited to, the following:

- current weakness in Brazilian macroeconomic conditions;
- global economic conditions;
- economic, political and business conditions in Brazil and in the other markets in which we operate;
- risks of lending, credit, investments and other activities;
- our level of capitalization;
- cost and availability of funds;
- higher levels of delinquency by borrowers, credit delinquency and other delinquency events leading to higher impairment of loans and advances;
- the synergies of the business that we acquired from HSBC Bank Brasil and HSBC Serviços e Participações ("HSBC Brasil");
- loss of customers or other sources of income;
- our ability to execute our investment strategies and plans as well as to maintain and improve our operating performance;
- our revenues from new products and businesses;
- adverse claims, legal or regulatory disputes or proceedings;

- inflation, fluctuations in the value of the *real* and/or interest rates, which could adversely affect our margins;
- competitive conditions in the banking, financial services, credit card, asset management, insurance sectors and related industries;
- the market value of securities, particularly government securities; and
- changes by the Central Bank and others in laws and regulations, applicable to us and our activities, including, but not limited to, those affecting tax matters.

Words such as "believe," "expect," "continue," "understand," "estimate," "will," "may," "anticipate," "should," "intend," and other similar expressions identify forward looking statements. These statements refer only to the date on which they were made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or any other event.

In light of these risks and uncertainties, the forward looking statements, events and circumstances discussed in this annual report may not be accurate, and our actual results and performance could differ materially from those anticipated in our forward-looking statements. Investors should not make investment decisions based solely on the forward-looking statements in this annual report.



**PART I**  
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## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, AND ADVISERS**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### **3.A. Selected Financial Data**

We present below our selected financial data derived from our consolidated financial statements as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and audited by KPMG Auditores Independientes, an independent registered public accounting firm. The data as of and for the years ended December 31, 2017, 2016 and 2015 is derived from our consolidated financial statements included in this annual report. The data for the years ended December 31, 2014 and 2013 is derived from our consolidated financial statements, which are not included herein.

The following selected financial data should be read together with the "Presentation of Financial and Other Information" and "Item 5. Operating and Financial Review and Prospects."

#### ***Selected Financial Data***

Year ended December 31,	US\$ in		R\$ in thousands			
	(1)	2017	2016	2015	2014	2013
<b>Data from the Consolidated Statement of Income</b>						
Interest and similar income	37,978,316	126,232,328	147,700,375	127,048,252	103,893,096	90,682,625
Interest and similar expenses	(22,741,866)	(75,589,415)	(91,037,386)	(71,412,210)	(53,847,329)	(41,382,142)
<b>Net interest income</b>	<b>15,236,450</b>	<b>50,642,913</b>	<b>56,662,989</b>	<b>55,636,042</b>	<b>50,045,767</b>	<b>49,300,483</b>
Fee and commission income	6,844,223	22,748,828	20,341,087	17,856,873	16,759,980	14,535,723
Fee and commission expenses	-	-	(36)	(36,203)	(20,724)	(36,041)
<b>Net fee and commission income</b>	<b>6,844,223</b>	<b>22,748,828</b>	<b>20,341,051</b>	<b>17,820,670</b>	<b>16,739,256</b>	<b>14,499,682</b>
Net gains/(losses) on financial instruments classified as held for trading	2,895,213	9,623,108	16,402,770	(8,252,055)	(1,933,003)	(5,790,089)
Net gains/(losses) on financial instruments classified as available for sale	171,598	570,358	(1,341,400)	(671,810)	(991,894)	(6,100,782)
Losses on investments held-to-maturity	(16,403)	(54,520)	-	-	-	-
Net gains/(losses) on foreign currency transactions	428,111	1,422,957	150,757	(3,523,095)	(1,244,680)	(1,093,597)
Net income from insurance and pension plans	1,877,366	6,239,990	4,155,763	5,497,505	5,411,845	6,933,680
Impairment of loans and advances	(5,072,759)	(16,860,835)	(15,350,278)	(14,721,152)	(10,291,386)	(9,623,870)
Personnel expenses	(6,234,811)	(20,723,265)	(17,003,783)	(14,058,047)	(13,667,639)	(12,354,418)
Other administrative expenses	(5,079,265)	(16,882,461)	(16,149,563)	(13,721,970)	(12,971,521)	(12,151,537)
Depreciation and amortization	(1,374,501)	(4,568,568)	(3,658,413)	(2,942,003)	(2,932,687)	(2,740,830)
Other operating income/(expenses)						