

BANK BRADESCO
Form 6-K
November 16, 2018

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

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 November, 2018
Commission File Number 1-15250**

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



Net Interest Income Breakdown and Analysis

Average Net Interest Income Rate

R\$ million	3Q18	2Q18	3Q17	9M18	9M17	Variation		
						3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
Net Interest Income								
NII - Interest-earning portion - due to volume						687	909	346
NII - Interest-earning portion - due to spread						(83)	(762)	(1,405)
- NII - Interest Earning Portion	15,583	14,979	15,436	46,055	47,114	604	147	(1,059)
- NII - Non-Interest Earning Portion	166	105	(75)	464	175	61	241	289
Net Interest Income	15,749	15,084	15,361	46,519	47,289	665	388	(770)
Average Net Interest Income Rate ⁽¹⁾	6.3%	6.2%	6.6%	6.3%	6.8%			

(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 ⁽¹⁾			Insurance			ALM / Other ^{(1) (2)}			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
3Q18	12,323	450,133	11.3%	1,193	253,772	2.1%	2,067	359,633	2.3%	15,583
2Q18	12,127	428,486	11.4%	988	252,485	2.2%	1,864	346,714	2.1%	14,979
3Q17	12,119	417,374	11.9%	1,503	237,277	2.5%	1,814	391,133	1.8%	15,436
9M18	36,140	431,527	11.3%	3,707	251,852	2.1%	6,208	357,996	2.3%	46,055
9M17	37,417	425,082	11.9%	4,177	232,237	2.5%	5,520	399,524	1.8%	47,114

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(1) As of 1Q18, we considered the margin of the financial assets of fixed income, with characteristics of credit (mostly debentures) in the margin of credit interest income, which were formerly classified

as ALM/other. 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).

Interest Earning Portion – Volume Variation vs. Spread

- **Credit Intermediation** – the evolution in the quarterly comparison and relating to 3Q17 is fueled by the largest average business volume, mainly in the operations to Individuals. The reductions presented in average spreads reflect the change of the loan portfolio's mix, which has shown an evolution in products with a lower rate and risk and competitive market dynamics.
- **Insurance** – the performance in the periods is primarily due to the movement of the price indexes (IGP-M and IPCA), besides, in the 3Q18, we had positive effects by the behavior of the interest rates.
- **ALM / Other** – it reflects the greater efficiency in the operations of the treasury in the management of proprietary positions of assets/liabilities (ALM).

R\$ million	3Q18	2Q18	3Q17	9M18	9M17	Variation		
NII - Earning Portion Breakdown	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17					
Credit Intermediation	12,323	12,127	12,119	36,140	37,417	196	204	(1,277)
Insurance	1,193	988	1,503	3,707	4,177	205	(310)	(470)
ALM/Other	2,067	1,864	1,814	6,208	5,520	203	253	688
NII - Interest-Earning Portion	15,583	14,979	15,436	46,055	47,114	604	147	(1,059)

R\$ million	Credit Intermediation									Insurance			ALM/Other			NII - Interest-Earning Portion		
	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17			
Volume x Spread	2Q18	3Q17	9M17	2Q18	3Q17	9M17	2Q18	3Q17	9M17	2Q18	3Q17	9M17	2Q18	3Q17	9M17			
NII - Interest-earning portion - due to volume	613	951	567	5	104	353	69	(146)	(574)	687	909	346						
NII - Interest-earning	(417)	(747)	(1,844)	200	(414)	(823)	134	399	1,262	(83)	(762)	(1,405)						

portion - due to
spread

**Variation NII -
Interest-Earning**

Portion	196	204	(1,277)	205	(310)	(47 0)	203	253	688	604	147	(1,059)
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Earning Portion of Credit Intermediation vs. ALL (Expanded)

The increase in the average business volume fueled the growth of the gross credit intermediation margin, as well as the quality improvement of the portfolio reflected in the reduction of the cost of delinquency (Expanded ALL), is contributing with the growth of the net margin.

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

Flow of Maturities ⁽¹⁾

As one of its features, the loan portfolio by flow of maturities of operations has 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 not only present a lower risk, but also provide favorable conditions to gain customer loyalty.

(1) Only normal course operations.

DelinquencyRatio

Over 90 days

For the sixth consecutive quarter, delinquency declined, reflecting the better quality of the new captures and adjustments in the credit granting and recovery processes. All portfolios showed an improvement in the index since early 2018, mainly for micro, small and medium-sized enterprises, whose balance in arrears declined 11% in the quarter and 28% within 12 months, and the individuals indicator, which decreased by 13% in the balance in arrears within 12 months, a reflex of the strategy of change of mix in the portfolio, which occurred during the periods. Since the peak of total delinquency in March 2017, the index presents a decrease of 2.0 p.p.

15-90 days

In the quarter and in the last 12 months, short-term delinquency showed an improvement following the trend of reduction

Over 90 days

observed in the series. It is highlighted the constant improvement for micro, small and medium-sized enterprises portfolio showed since early 2018.

Effective Coverage Ratio

Accompanying the constant improvement of the delinquency ratio and the low levels in the origination of overdue loans (NPL Creation), the net losses of recoveries estimated for September 2018 point to 2.6%, the lowest rate over the last eight years, resulting in a effective coverage ratio of 342%.

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 total NPL Creation in relation to the portfolio remained stable in the quarter, and showed an improvement in all portfolios compared with 3Q17. It is highlighted the micro, small and medium-sized enterprises' portfolio, whose origination of credits in arrears decreased 25% in the quarter, registering the lowest level since the calculation of this indicator began.

Below, we have demonstrated the opening of the NPL Creation per portfolio.

Coverage Ratio

Following the constant improvement of the indicators of delinquency, coverage ratios showed another quarter with improvement, reaching very satisfying levels. 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 and commitments related to credit risk.

Bacen Portfolio vs. Expanded Portfolio

The loan portfolio (Bacen) of September 2018, which registered a positive increase in the quarter and in the last 12 months, was boosted both by operations with Companies and operations with Individuals, with emphasis on personal loans and payroll-deductible loans, real estate financing and vehicle.

We emphasize the average daily origination of the operations with Individuals, which grew 8% compared to the previous quarter, and was 30% higher than the daily average of the 3Q17. For Companies, growth in comparison to 3Q17 was 41%, and an 8% decrease in comparison to the previous quarter, mainly due to the lower product origination from directed resources.

In the expanded portfolio, we highlight the growth in 12 months of operations with debentures, in which the majority are designed for large corporates.

	Sept18	June18	Sept17	Variation %	
				Quarter	12 months
Individuals	185,249	181,751	171,008	1.9	8.3
Companies	213,755	209,054	197,891	2.2	8.0
Loan Portfolio - Bacen	399,004	390,805	368,899	2.1	8.2
Sureties and Guarantees	71,462	71,765	72,511	(0.4)	(1.4)
Operations bearing Credit Risk - Commercial Portfolio ⁽¹⁾	47,479	47,776	42,875	(0.6)	10.7
Other ⁽²⁾	5,486	5,289	2,579	3.7	112.7
Expanded Loan Portfolio	523,431	515,635	486,864	1.5	7.5
			Without exchange variation	1.2	5.6

(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).

Expanded Loan Portfolio Breakdown by Customer Profile, Product and Currency

R\$ million	Sept18	June18	Sept17	Variation %	
				Quarter	12 months
Individuals	186,159	182,817	172,207	1.8	8.1
Consumer Financing	123,612	120,856	112,391	2.3	10.0
Payroll-deductible Loans	48,572	46,593	42,551	4.2	14.2
Credit Card	33,150	33,606	32,867	(1.4)	0.9
CDC / Vehicle Leasing	22,643	22,167	19,851	2.1	14.1
Personal Loans	19,247	18,490	17,122	4.1	12.4
Real Estate Financing	37,051	35,618	33,305	4.0	11.2
Other Products	25,496	26,343	26,511	(3.2)	(3.8)
Rural Loans	7,845	8,323	7,881	(5.7)	(0.5)
BNDES/Finame Onlendings	6,122	6,214	6,426	(1.5)	(4.7)
Other	11,529	11,806	12,204	(2.3)	(5.5)
Companies	337,272	332,818	314,657	1.3	7.2
Working Capital	40,022	39,830	39,739	0.5	0.7
Operations Abroad	38,470	35,982	30,534	6.9	26.0
Export Financing	37,027	35,302	29,376	4.9	26.0
Real Estate Financing	24,515	25,425	27,712	(3.6)	(11.5)
BNDES/Finame Onlendings	19,130	19,858	24,956	(3.7)	(23.3)
Overdraft Account	6,670	6,787	6,829	(1.7)	(2.3)
CDC / Leasing	8,649	7,868	6,933	9.9	24.8
Rural Loans	6,558	7,300	5,756	(10.2)	13.9
Sureties and Guarantees	70,839	71,002	71,669	(0.2)	(1.2)
Operations bearing Credit Risk - Commercial Portfolio	47,479	47,776	42,875	(0.6)	10.7
Other	37,913	35,688	28,278	6.2	34.1
Expanded Loan Portfolio	523,431	515,635	486,864	1.5	7.5
Domestic Currency	477,831	472,294	447,477	1.2	6.8
Foreign Currency	45,600	43,341	39,387	5.2	15.8

Expanded Loan Portfolio Concentration – By Economic Sector

R\$ million	Sept18	%	June18	%	Sept17	%
Economic Sector						
Public Sector	12,575	2.4	12,494	2.4	14,179	2.9
Oil, derivatives and aggregate activities	10,339	2.0	10,023	1.9	11,129	2.3
Production and distribution of electricity	1,017	0.2	1,228	0.2	1,885	0.4
Other sectors	1,219	0.2	1,243	0.2	1,165	0.2
Private Sector	510,856	97.6	503,141	97.6	472,685	97.1
Companies	324,697	62.0	320,324	62.1	300,478	61.7
Real estate and construction activities	32,978	6.3	34,963	6.8	35,312	7.3
Retail	33,761	6.4	32,949	6.4	31,964	6.6
Transportation and concession	25,138	4.8	24,289	4.7	24,710	5.1
Services	29,840	5.7	28,196	5.5	22,073	4.5
Wholesale	14,851	2.8	14,229	2.8	16,123	3.3
Automotive	16,074	3.1	15,199	2.9	15,603	3.2
Food products	14,141	2.7	14,119	2.7	11,625	2.4
Other sectors	157,914	30.2	156,380	30.3	143,068	29.4
Individuals	186,159	35.6	182,817	35.5	172,207	35.4
Total	523,431	100.0	515,635	100.0	486,864	100.0

Changes in the Expanded Loan Portfolio – by Rating

Also as a consequence of the reinforcement of credit granting policies and risk management, 95.0% of new borrowers were classified ratings from AA to C, collaborating with the loan portfolio's quality improvement.

Changes in Expanded Loan Portfolio by Rating between September 2017 and 2018	Total Credit on September 2018		New customers between October de 2017 e September de 2018		Remaining customers from September 2017	
	R\$ million	%	R\$ million	%	R\$ million	%

Rating

AA - C	467,224	89.3	26,127	95.0	441,098	88.9
D	11,261	2.2	213	0.8	11,048	2.2
E - H	44,945	8.5	1,160	4.2	43,785	8.9
Total	523,431	100.0	27,500	100.0	495,931	100.0

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

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

Customer Profile	Sept18 By Rating			June18 By Rating			Sept17 By Rating		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Large Corporates	89.0	2.0	9.0	88.4	2.4	9.3	89.5	2.7	7.8
Micro, Small and Medium-Sized Enterprises	87.1	3.0	10.0	85.8	3.7	10.5	83.5	4.1	12.3
Individuals	90.8	1.9	7.3	90.4	2.0	7.6	89.0	2.2	8.8
Total	89.3	2.2	8.5	88.7	2.5	8.9	88.2	2.8	9.0

Portfolio by Debtors

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 %)	Sept18	June18	Sept17	Variation% (unless otherwise)	
				Quarter	12 months
Total Provision	35,237	35,240	36,557	-	(3.6)
- Specific	14,799	15,432	17,346	(4.1)	(14.7)
- Generic	13,528	12,905	12,300	4.8	10.0
- Excess	6,910	6,903	6,911	0.1	-
Specific Provision / Total Provision (%)	42.0	43.8	47.4	(1.8) p.p.	(5.4) p.p.
Total Provision / Loans (%)	8.8	9.0	9.9	(0.2) p.p.	(1.1) p.p.
AA - C Rated Loans / Loans (%)	89.1	88.5	87.4	0.6 p.p.	1.7 p.p.
D-rated Operations under Risk Management / Loans (%)	2.6	2.9	3.3	(0.3) p.p.	(0.7) p.p.
E-H rated Loans / Loans(%)	9.0	9.1	9.2	(0.1) p.p.	(0.2) p.p.
D-rated loans	9,829	11,175	12,300	(12.0)	(20.1)
Provision for D-rated loans	1,514	1,675	1,935	(9.6)	(21.8)
Provision / D-rated loans (%)	15.4	15.0	15.7	0.4 p.p.	(0.3) p.p.
D-H rated Non-Performing Loans	20,458	22,113	24,188	(7.5)	(15.4)
Total Provision / D-to-H-rated Non-performing Loans (%)	172.2	159.4	151.1	12.8 p.p.	21.1 p.p.
E-H Rated Loans	33,728	33,828	34,092	(0.3)	(1.1)
Provision for E-H rated loans	30,902	30,836	32,057	0.2	(3.6)
Provision / E-H rated loans (%)	91.6	91.2	94.0	0.4 p.p.	(2.4) p.p.
E-H rated Non-Performing Loans	17,927	18,464	20,719	(2.9)	(13.5)
Total Provision / E-to-H-rated Non-performing Loans (%)	196.6	190.9	176.4	5.7 p.p.	20.2 p.p.

Funds Raised and Managed

R\$ million	Sept18	June18	Sept17	Variation %	
				Quarter	12 months
Demand Deposits	34,327	31,882	30,324	7.7	13.2
Savings Deposits	106,375	103,077	98,224	3.2	8.3
Time Deposits + Debentures	193,124	179,613	172,809	7.5	11.8
Borrowing and Onlending	57,307	53,160	54,423	7.8	5.3
Funds from Issuance of Securities	148,927	153,303	135,839	(2.9)	9.6
Subordinated Debts	19,295	19,171	27,234	0.6	(29.2)
Eligible Debt Capital Instruments	30,717	23,585	23,300	30.2	31.8
Subtotal	590,072	563,791	542,153	4.7	8.8
Securities Sold Under Agreements to Repurchase ⁽¹⁾	270,148	246,495	290,672	9.6	(7.1)
Interbank Deposits	815	1,847	1,608	(55.9)	(49.3)
Working Capital (Own/Managed)	89,335	86,410	82,130	3.4	8.8
Foreign Exchange Portfolio	8,923	16,150	10,823	(44.7)	(17.6)
Payment of Taxes and Other Contributions	3,893	3,483	4,353	11.8	(10.6)
Technical Provisions for Insurance, Pension Plans and Capitalization Bonds	254,653	252,072	239,287	1.0	6.4
Funds raised	1,217,839	1,170,248	1,171,026	4.1	4.0
Investment Funds and Managed Portfolios	871,231	843,865	820,682	3.2	6.2
Total Assets under Management	2,089,070	2,014,113	1,991,708	3.7	4.9

(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,

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

the amount of funds available within the customer service network and 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.

sector.

Note that the percentage of funds used provides a comfortable margin. Essentially, it proves that we are capable of meeting demands for loaning funds through our own funding.

R\$ million	Sept18	June18	Sept17	Variation %	
				Quarter	12 months
Funding vs. Investments					
Demand Deposits + Sundry Floating	38,220	35,365	34,677	8.1	10.2
Savings Deposits	106,375	103,077	98,224	3.2	8.3
Time Deposits + Debentures	193,124	179,613	172,809	7.5	11.8
Funds from Financial Bills	145,628	149,901	132,965	(2.9)	9.5
Customer Funds ⁽¹⁾	483,347	467,956	438,675	3.3	10.2
(-) Reserve Requirements	(80,224)	(71,400)	(69,175)	12.4	16.0
(-) Available Funds (Brazil)	(11,582)	(10,495)	(14,070)	10.4	(17.7)
Customer Funds Net of Reserve Requirements	391,541	386,061	355,430	1.4	10.2
Borrowing and Onlending	57,307	53,160	54,423	7.8	5.3
Other (Securities Abroad + Subordinated Debt + Other Borrowers - Cards)	74,126	69,241	77,011	7.1	(3.7)
Total Funding (A)	522,974	508,462	486,864	2.9	7.4
Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)	451,969	443,870	414,353	1.8	9.1
B / A	86.4%	87.3%	85.1%	(0.9) p.p.	1.3 p.p.

(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	Sept18	June18	Sept17	Variation %	
				Sept18 x June18	Sept18 x Sept17
Assets					
Current and Long-Term Assets	290,985	289,821	276,985	0.4	5.1
Securities	279,870	278,828	266,232	0.4	5.1
Life and Pension Plans	237,531	236,281	227,009	0.5	4.6
Other Lines	42,338	42,547	39,223	(0.5)	7.9
Insurance Premiums Receivable	3,788	3,676	3,698	3.0	2.4
Other Loans	7,327	7,317	7,055	0.1	3.9
Permanent Assets	6,882	6,561	5,557	4.9	23.8
Total	297,868	296,383	282,542	0.5	5.4
Liabilities					
Current and Long-Term Liabilities	265,547	262,485	249,945	1.2	6.2
Tax, Civil and Labor Contingencies	2,426	2,349	2,027	3.3	19.7
Payables on Insurance, Pension Plan and Capitalization Bond Operations	607	592	705	2.6	(13.9)
Other liabilities	7,861	7,473	7,926	5.2	(0.8)
Insurance Technical Provisions	15,877	15,791	14,761	0.5	7.6
Life and Pension Plan Technical Provisions	230,754	228,408	217,106	1.0	6.3
Capitalization Bond Technical Provisions	8,022	7,873	7,420	1.9	8.1
Non-controlling Interest	661	649	696	1.8	(5.0)
Shareholder's Equity ⁽¹⁾	31,659	33,249	31,901	(4.8)	(0.8)
Total	297,868	296,383	282,542	0.5	5.4

(1) The reduction of the shareholder's equity of September /18 in comparison to June/18, is due to the payment of dividends in the amount of R\$3.0 billion. In September 2018, the shareholders' equity of Bradesco Seguros S.A., which controls the operational companies (insurance, pension and capitalization), is of R\$17,515 million.

Consolidated Statement of Income

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R\$ million	3Q18	2Q18	3Q17	9M18	9M17	Variation %		
						3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	17,588	18,223	18,637	53,381	55,097	(3.5)	(5.6)	(3.1)
Variation from Technical Provisions for Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	(6,870)	(7,148)	(8,264)	(21,728)	(23,987)	(3.9)	(16.9)	(9.4)
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond Income	10,718	11,075	10,373	31,653	31,110	(3.2)	3.3	1.7
Retained Claims	(6,564)	(6,628)	(6,559)	(19,445)	(19,410)	(1.0)	0.1	0.2
Capitalization Bond Draws and Redemptions	(1,357)	(1,472)	(1,429)	(4,094)	(4,138)	(7.8)	(5.0)	(1.1)
Selling Expenses	(798)	(770)	(874)	(2,395)	(2,643)	3.6	(8.7)	(9.4)
Income from Insurance, Pension Plans and Capitalization Bonds	1,999	2,205	1,511	5,719	4,919	(9.3)	32.3	16.3
General and Administrative Expenses	(814)	(752)	(811)	(2,256)	(2,237)	8.2	0.4	0.8
Tax Expenses	(228)	(204)	(198)	(637)	(660)	11.8	15.2	(3.5)
Other Operating Income / Expenses	192	431	375	1,033	540	(55.5)	(48.8)	91.3
Operating Income	1,149	1,680	877	3,859	2,562	(31.6)	31.0	50.6
Financial Results	1,232	1,016	1,501	3,860	4,011	21.3	(17.9)	(3.8)
Equity Results	181	157	168	495	573	15.3	7.7	(13.6)
Income before Taxes and Profit Sharing	2,562	2,853	2,546	8,214	7,146	(10.2)	0.6	14.9
Taxes and Contributions	(1,046)	(1,207)	(979)	(3,403)	(2,820)	(13.3)	6.8	20.7
Profit Sharing	(27)	(24)	(27)	(77)	(77)	12.5	-	-
Non-controlling interests in subsidiaries	(27)	(40)	(57)	(127)	(122)	(32.5)	(52.6)	4.1
Net Income	1,462	1,582	1,483	4,607	4,127	(7.6)	(1.4)	11.6

(1) It includes reinsurance premiums.

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

The decrease of the 3Q18 net income relating to previous quarter is due to the general drop in the turnover of the pension market, of the seasonality of the pension plan sales when compared with the previous quarter, as well as the effects of reversal of technical provisions occurred in the 2Q18, in the gross amount of R\$324 million (R\$178 million in gain of taxes) in compliance with the standard that provisions on the Liability Adequacy Test - LAT, which recurrently occurs in June and December. These effects were partially offset by the decrease in claims, which is showing a gradual improvement throughout this year, and by the rationalization of the expenditure which positively affects the administrative efficiency ratio.

In relation to 3Q17, the decrease of the net income is related to the lower market billing and to the decrease in financial results, which reflected the behavior of the economic indicators in the period. These effects were also partially offset by the improvement of the claim ratio.

Evaluation of Participants and Life and Personal Accident Policyholders

The net income increase of the 3Q18 compared to the previous quarter and to the 3Q17 mainly reflects the higher income, improvement of claims, whose performance was benefitted by the strategic actions that improved the level of retention of clients through renegotiations, the offer of new products and new ways of renegotiating the contracts, commercialization and administrative efficiency ratios, and the increase in financial results.

Number of Bradesco Saúde and Mediservice Policyholders

Capitalization Bonds

In relation to the previous quarter, the results were influenced by the income and financial income decrease. The maintenance of administrative efficiency ratio is highlighted.

The performance of net income in 3Q18 in comparison to the 3Q17 is due to the improvement of the operating incomes and the maintenance of administrative efficiency ratio, partly impacted by the decrease in financial income.

Auto and Property & Casualty

The performance of net income in comparison to 3Q17 mainly demonstrates the improvement of the claim, efficiency and commercialization ratios. In the quarterly comparison, results were partly impacted by the income and financial income decrease.

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

R\$ million	3Q18	2Q18	3Q17	9M18	9M17	Variation %			As % of 9M18
						3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	
Card Income	2,865	2,788	2,789	8,416	8,076	2.8	2.7	4.2	35.0
Checking Account	1,814	1,765	1,679	5,327	4,931	2.8	8.0	8.0	22.2
Asset Management	1,008	1,007	977	3,009	2,787	0.1	3.2	8.0	12.5
Loans Operations	728	801	718	2,253	2,223	(9.1)	1.4	1.3	9.4
Collections and Payments	602	618	601	1,832	1,763	(2.6)	0.2	3.9	7.6
Consortium Management	435	412	390	1,230	1,137	5.6	11.5	8.2	5.1
Custody and Brokerage Services	233	256	228	723	652	(9.0)	2.2	10.9	3.0
Underwriting / Financial Advisory Services	179	256	222	588	556	(30.1)	(19.4)	5.8	2.4
Other	208	216	218	644	623	(3.7)	(4.6)	3.4	2.7
Total	8,072	8,119	7,822	24,022	22,748	(0.6)	3.2	5.6	100.0
Business Days	64	63	64	188	188	1	-	-	-

Highlights

The income increase within 12 months reflects the good performance in practically all the lines. The decrease observed between the current and the previous quarter, reflects the lower activity in the capital market, impacting our incomes of underwriting/ financial advisory services, the lower volumes negotiated on the market that influenced the performance of the brokerage revenues and the lower incomes of loan operations, given the strong performance in 2Q18 of this revenue. We highlight that the good performance of revenue 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 fee and commission income in the periods:

- **Card Income** -good performance in the periods reflects the increase in the number of transactions and the larger volume transacted.
- **Checking Account** -performance has been reflecting on the improvement in the management of the portfolio of services provided, highlighting the continuous process of improvement and expansion of the variety of products offered to clients according to their segmentation.
- **Asset Management** – the evolution in the comparison to 3Q17 reflects the distribution strategy focused in the improvement of the mix of products according to the recommended portfolio, aligned with the needs and the shareholder’s profile.
- **Consortium Management** – among the various actions that aimed to optimize the results, we highlight the review of the portfolio for a more customized offer, with differentiated terms and rates for each business segment and the improvement of the digital features, which are reflected in the increase of this line, highlighting that Bradesco Consórcios continues leading in the segments in which it operates (real estate, auto and trucks/machinery and equipment).
- **Custody and Brokerage Services** -the variation of the quarterly comparison was impacted by the decrease of the brokerage revenues, due to the lower volumes traded at B3. In comparison to 3Q17, the performance benefitted mainly due to higher revenues with custody, reflecting the increase in volume of custodied assets.

- **Underwriting / Financial Advisory Services** – decrease in the quarter and in 12 months as a result of lower activity of the capital market, mainly in structured operations and of variable/fixed income.
-

Personnel and Administrative Expenses

R\$ million	3Q18	2Q18	3Q17	9M18	9M17	Variation		As % of	
						3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17	9M18
Personnel Expenses									
Structural	4,064	3,905	4,022	11,848	12,038	4.1	1.0	(1.6)	39.9
Payroll/Social Charges	2,935	2,831	2,831	8,523	8,585	3.7	3.7	(0.7)	28.7
Benefits	1,129	1,074	1,191	3,325	3,453	5.1	(5.2)	(3.7)	11.2
Non-Structural	942	1,022	811	2,914	2,584	(7.8)	16.2	12.8	9.8
Management and Employee Profit Sharing	552	511	373	1,529	1,364	8.0	48.0	12.1	5.2
Provision for Labor Claims	265	397	336	1,069	714	(33.2)	(21.1)	49.7	3.6
Training	51	41	51	113	127	24.4	-	(11.0)	0.4
Termination Costs	74	73	51	203	379	1.4	45.1	(46.4)	0.7
Total	5,006	4,927	4,833	14,762	14,622	1.6	3.6	1.0	49.8
Administrative Expenses									
Outsourced Services	1,198	1,165	1,193	3,472	3,503	2.8	0.4	(0.9)	11.7
Depreciation and Amortization	729	722	693	2,164	2,061	1.0	5.2	5.0	7.3
Data Processing	661	657	627	1,922	1,834	0.6	5.4	4.8	6.5
Communication	428	432	473	1,296	1,402	(0.9)	(9.5)	(7.6)	4.4
Asset Maintenance	336	296	278	888	665	13.5	20.9	33.5	3.0
Rent	299	307	315	896	921	(2.6)	(5.1)	(2.7)	3.0
Advertising and Marketing	299	299	295	902	909	-	1.4	(0.8)	3.0
Financial System Services	243	223	254	706	769	9.0	(4.3)	(8.2)	2.4
Security and Surveillance	187	190	205	572	624	(1.6)	(8.8)	(8.3)	1.9
Transportation	186	189	201	564	590	(1.6)	(7.5)	(4.4)	1.9
Utilities (Water, Electricity and Gas)	99	101	90	306	306	(2.0)	10.0	-	1.0
Travel	64	75	57	193	178	(14.7)	12.3	8.4	0.7
Materials	54	64	67	177	213	(15.6)	(19.4)	(16.9)	0.6
Other	310	273	282	838	807	13.6	9.9	3.8	2.8
Total	5,093	4,993	5,030	14,896	14,782	2.0	1.3	0.8	50.2
Total Operating Expenses	10,099	9,920	9,863	29,658	29,404	1.8	2.4	0.9	100.0
Customer Service Points	75,804	74,814	73,209	75,804	73,209	1.3	3.5	3.5	-

Personnel Expenses - In the "structural portion" the increase, both in the quarterly comparison and in the annual comparison (3Q18 x 3Q17), is related to the effects of the collective bargaining of 2018/2019, whose readjustment for this year was of 5%. We highlight the reduction noted in the period accumulated (9M18 x 9M17), which reflects, particularly the effects of PDVE, occurred in August 2017. In relation to the "non-structural" part, we can observe, in the quarter and relating to 3Q17, lower expenses with the provision for labor claims, reflecting the lower volume of lawsuits. The increase we attained in the expenses with the Profit Sharing of employees reflects the increase of net income in the period.

In the quarter, the increase in the number of employees comprises the expansion of our digital areas and corporate security, due to the increasing demand for innovation and interaction with clients, in addition to the increased sales force in the branch network.

Administrative Expenses - The increase of expenses in the periods comes from higher volume of business and services and higher expenses with advertising and marketing. In relation to the 3Q17, the expenses showed a good performance, mainly if we consider inflation in the period, highlighting the adjustments made in several lines, such as transportation, security and surveillance, communication, materials and financial system services, showing the gains in synergy resulting from the acquisition of HSBC Brasil and the strategy of optimization of the points of service.

Operating Coverage Ratio ⁽¹⁾

For the fifth quarter in a row the coverage ratio presented an improvement, 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 performance of revenue from fee and commission income, which have been registering 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

In the quarterly comparison (3Q18 x 2Q18), the performance of this line reflects the lower expenses with marketing of cards and in the 3Q17 comparison, the growth is justified by the reversal of the provision of social security contribution in the amount of R\$348 million, carried out in 3Q17. Excluding this effect, this line would present a decrease of 3.4% in the annual comparison (3Q18 x 3Q17).

In the accrued period (9M18 x 9M17), the 14.8% growth includes, in addition to the reversal mentioned above, reversals of provisions of PIS (Social Integration Program) in the amount of R\$191 million and of IRPJ/CSLL (Corporate Income Tax/Social Contribution on Net Income) on losses of credits, in the amount of R\$181 million, both made in 1Q17. Disregarding these effects, this line would present an increase of 1.4% in this period.

Basel Ratio

The improvement of capital tier I ratio is related to the good internal generation capital (net income), that continues with relevant contribution to the indicator, and by effects of Resolution No. 4,680/18.

The improvement of capital tier II reflects the subordinate debts authorized by the Central Bank, in September 2018, for the amount of approximately R\$7 billion. Regarding the issue of subordinated perpetual debts that were submitted for approval by the Central Bank, in the total amount of R\$1.7 billion, performed in September and October 2018, the Tier I capital ratio would be 12.5%.

R\$ million	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16
Income Statement for the Period								
Recurring Net Income (1)	5,471	5,161	5,102	4,862	4,810	4,704	4,648	4,385
Total Net Interest Income	15,749	15,084	15,686	15,813	15,361	15,892	16,036	16,440
Gross Credit Intermediation Margin	12,323	12,127	11,690	12,129	12,119	12,517	12,781	13,586
Net Credit Intermediation Margin	8,811	8,690	7,798	6,724	7,540	7,139	7,499	7,290
Expanded ALL	(3,512)	(3,437)	(3,892)	(5,405)	(4,579)	(5,378)	(5,282)	(6,296)
Fee and Commission Income	8,072	8,119	7,831	8,062	7,822	7,496	7,430	7,545
Administrative and Personnel Expenses	(10,099)	(9,920)	(9,639)	(10,218)	(9,863)	(9,865)	(9,676)	(10,482)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	17,588	18,223	17,570	21,192	18,637	18,512	17,948	21,247
Statement of Financial Position								
Total Assets (2)	1,356,748	1,306,209	1,303,842	1,298,328	1,311,672	1,291,184	1,294,139	1,293,559
Securities	634,066	598,128	585,837	584,650	572,099	540,106	549,700	549,873
Expanded Loans Portfolio	523,431	515,635	486,645	492,931	486,864	493,566	502,714	514,990
- Individuals	186,159	182,817	177,814	175,469	172,207	172,045	171,820	172,045
- Companies	337,272	332,818	308,831	317,462	314,657	321,521	330,894	342,945
Allowance for Loan Losses (ALL)	(35,237)	(35,240)	(35,763)	(36,527)	(36,557)	(37,536)	(39,181)	(40,714)
Total Deposits	319,375	299,604	271,391	265,278	259,577	260,120	235,432	234,214
Technical Provisions	254,653	252,072	251,231	246,653	239,287	233,640	229,433	223,342
Shareholders' Equity	115,670	113,039	113,776	110,457	110,301	106,807	104,558	100,442
Assets under Management	2,089,070	2,014,113	2,003,948	1,987,487	1,991,708	1,917,827	1,943,687	1,904,912
Performance Indicators (%)								
Recurring Net Income per Share - R\$ (3) (4)	3.08	2.98	2.91	2.84	2.77	2.72	2.64	2.56

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

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Book Value per Common and Preferred Share - R\$ ⁽⁴⁾	17.28	16.89	17.00	16.50	16.48	15.96	15.62	15.01
Annualized Return on Average Equity ⁽⁵⁾ ⁽⁶⁾	18.7	18.5	18.6	18.1	18.1	18.2	18.3	17.6
Annualized Return on Average Assets ⁽⁶⁾	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.5
12-month Net Interest Margin - NIM = Adjusted Net Interest Income /Average Assets – Repos – Permanent Assets	6.3	6.4	6.6	6.7	6.9	7.2	7.4	7.6
Fixed Asset Ratio ⁽⁷⁾	38.0	44.9	43.1	43.4	38.9	39.6	42.3	44.8
Combined Ratio - Insurance ⁽⁸⁾	84.1	84.8	85.3	86.1	86.2	86.6	85.2	85.9
Efficiency Ratio (ER) ⁽³⁾ ⁽¹¹⁾	40.8	41.0	40.9	40.8	40.7	40.6	40.0	38.9
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) ⁽³⁾	80.5	80.3	78.8	77.8	75.9	74.3	75.3	76.2
Market Capitalization - R\$ million ⁽⁹⁾	182,110	171,604	237,219	200,521	208,250	169,618	178,208	160,813
Loan Portfolio Quality (Bacen) - %								
ALL / Loan Portfolio	8.8	9.0	9.6	9.9	9.9	10.0	10.3	10.4
Non-performing Loans (> 60 days ⁽¹⁰⁾ / Loan Portfolio)	4.4	4.8	5.4	5.6	5.7	6.0	6.7	6.5
Delinquency Ratio (> 90 days ⁽¹⁰⁾ / Loan Portfolio)	3.6	3.9	4.4	4.7	4.8	4.9	5.6	5.5
Coverage Ratio (> 90 days ⁽¹⁰⁾)	243.4	230.0	219.3	211.4	207.7	202.5	182.1	188.4
Coverage Ratio (> 60 days ⁽¹⁰⁾)	200.9	189.4	179.7	175.0	174.6	167.0	154.0	158.8
Operating Limits %								
Basel Ratio - Total ⁽⁷⁾	16.8	14.9	15.9	17.1	17.7	16.7	15.3	15.4
Tier I Capital	12.2	11.4	12.4	13.1	13.4	12.5	12.0	12.0
- Common Equity	11.4	10.6	11.6	12.3	12.5	11.6	11.2	11.2
- Additional Capital	0.8	0.8	0.8	0.8	0.9	0.9	0.8	0.8
Tier II Capital	4.5	3.5	3.5	4.0	4.3	4.2	3.3	3.4

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

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- (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 RecurringNet 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⁽¹⁾ vs. Recurring⁽³⁾

3Q18 x 2Q18

R\$ million	Third Quarter of 2018			Second Quarter of 2018			
	Managerial Income Statement (1)	Reclassifications (2)	Non-Recurring Events	Recurring Income Statement (3)	Managerial Income Statement (1)	Reclassifications ⁽²⁾	Non-Recurring Events
Net Interest Income	16,390	(641)	-	15,749	9,569	5,515	
Expanded ALL	(4,857)	1,345	-	(3,512)	(4,369)	932	
Gross Income from Financial Intermediation	11,533	704	-	12,237	5,200	6,447	
Income from Insurance, Pension Plans and Capitalization Bonds	1,999	-	-	1,999	2,205	-	
Fee and Commission Income	8,050	22	-	8,072	8,071	48	
Personnel Expenses	(5,006)	-	-	(5,006)	(4,927)	-	
Other Administrative Expenses	(5,093)	-	-	(5,093)	(4,993)	-	
Tax Expenses	(1,965)	192	69	(1,704)	(1,046)	(785)	
Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries	41	-	-	41	48	-	
Other Operating Income / Expenses	(3,104)	542	443	(2,119)	(3,126)	351	6
	6,455	1,460	512	8,427	1,432	6,061	6

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

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Operating Income						
Non-Operating Income	(332)	306	9	(17)	(121)	104
Income Tax / Social Contribution and Non-controlling Interest	(1,114)	(1,766)	(59)	(2,939)	3,217	(6,165)
Net Income	5,009	-	462	5,471	4,528	-

(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 is 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\$1,584 million in 3Q18 and R\$6,971 million in 3Q17;

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

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

Analytical Breakdown of Statement of Income – Managerial⁽¹⁾ vs. Recurring⁽³⁾

9M18 x 9M17

R\$ million	First Nine Months of 2018				First Nine Months of 2017		
	Managerial Income Statement (1)	Reclassifications ⁽²⁾	Non-Recurring Events	Recurring Income Statement (3)	Managerial Income Statement (1)	Reclassifications ⁽²⁾	Non-Recurring Events
Net Interest Income	43,242	3,277	-	46,519	52,813	(5,524)	
Expanded ALL	(13,825)	2,984	-	(10,841)	(19,797)	4,558	
Gross Income from Financial Intermediation	29,417	6,261	-	35,678	33,016	(966)	
Income from Insurance, Pension Plans and Capitalization							
Bonds	5,719	-	-	5,719	4,919	-	
Fee and Commission Income	23,956	66	-	24,022	22,782	(34)	
Personnel Expenses	(14,762)	-	-	(14,762)	(16,929)	-	
Other Administrative Expenses	(14,896)	-	-	(14,896)	(14,796)	(10)	
Tax Expenses	(4,682)	(743)	69	(5,356)	(4,968)	(286)	
Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries	116	-	-	116	162	-	
Other Operating Income /	(9,019)	988	1,751	(6,280)	(6,721)	(623)	

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Expenses						
Operating Income	15,849	6,572	1,820	24,241	17,465	(1,919)
Non-Operating Income	(667)	615	9	(43)	(236)	396
Income Tax / Social Contribution and Non-controlling Interest	(1,178)	(7,187)	(99)	(8,464)	(6,363)	1,523
Net Income	14,004	-	1,730	15,734	10,866	-

- (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 adjustments, 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\$8,761 million in 9M18 and R\$1,188 million in 9M17;
- (3) It refers to Managerial Statement of Income⁽¹⁾ with the reclassifications between lines, which do not affect the Net Income, and without non-recurring events of the period.

R\$ million	Sept18	June18	Sept17	Variation %	
				Sept18 x June18	Sept18 x Sept17
Assets					
Current and Long-Term Assets	1,328,701	1,277,879	1,281,834	4.0	3.7
Funds available	15,586	15,425	16,927	1.0	(7.9)
Interbank Investments	112,073	108,615	178,410	3.2	(37.2)
Securities and Derivative Financial Instruments	634,066	598,128	572,099	6.0	10.8
Interbank and Interdepartmental Accounts	81,681	72,886	70,152	12.1	16.4
Loan and Leasing Operations	346,932	340,717	327,426	1.8	6.0
Allowance for Loan Losses (ALL)	(35,237)	(35,240)	(36,557)	-	(3.6)
Other Receivables and Assets	173,600	177,348	153,377	(2.1)	13.2
Permanent Assets	28,047	28,330	29,838	(1.0)	(6.0)
Investments	2,192	2,122	2,144	3.3	2.2
Premises and Equipment and Leased Assets	7,655	7,788	7,453	(1.7)	2.7
Intangible Assets	18,200	18,420	20,241	(1.2)	(10.1)
Total	1,356,748	1,306,209	1,311,672	3.9	3.4
Liabilities					
Current and Long-Term Liabilities	1,238,980	1,191,081	1,199,303	4.0	3.3
Deposits	319,375	299,604	259,577	6.6	23.0
Securities sold under agreements to repurchase	285,414	263,310	334,060	8.4	(14.6)
Funds from Issuance of Securities	148,927	153,303	135,839	(2.9)	9.6
Interbank and Interdepartmental Accounts	23,761	23,194	25,927	2.4	(8.4)
Borrowings and Onlendings	57,307	53,160	54,423	7.8	5.3
Derivative Financial Instruments	15,519	15,815	14,558	(1.9)	6.6
Technical provisions for insurance, pension plans and capitalization bonds	254,653	252,072	239,287	1.0	6.4
Other liabilities	134,024	130,623	135,632	2.6	(1.2)
Deferred Income	386	388	401	(0.5)	(3.7)
Non-controlling Interest in Subsidiaries	1,712	1,701	1,667	0.6	2.7

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Shareholders' Equity	115,670	113,039	110,301	2.3	4.9
Total	1,356,748	1,306,209	1,311,672	3.9	3.4

(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

	Sept18	June18	Sept17	Variation %	
				Sept18 x June18	Sept18 x Sept17
Structural Information - Units					
Customer Service Points	75,804	74,814	73,209	1.3	3.5
- Branches	4,652	4,700	4,845	(1.0)	(4.0)
- PAs	3,873	3,903	3,908	(0.8)	(0.9)
- PAEs	916	929	980	(1.4)	(6.5)
- Offsite ATM Network - Bradesco	54	54	64	-	(15.6)
- Banco24Horas Network	12,143	11,694	10,840	3.8	12.0
- Bradesco Espresso (Correspondent Banks)	39,100	38,717	39,062	1.0	0.1
- Bradesco Financiamentos	14,993	14,741	13,435	1.7	11.6
- Losango	60	63	63	(4.8)	(4.8)
- Branches / Subsidiaries Abroad / Representation office	13	13	12	-	8.3
ATMs	57,898	57,697	56,860	0.3	1.8
- Onsite Network - Bradesco	35,389	35,531	35,854	(0.4)	(1.3)
- Banco24Horas Network	22,509	22,166	21,006	1.5	7.2
Employees	98,159	97,683	100,688	0.5	(2.5)
Outsourced Employees and Interns	14,990	15,016	15,376	(0.2)	(2.5)
Customers - In millions					
Total Customers ⁽¹⁾	71.2	71.2	69.4	-	2.6
Account Holders ⁽²⁾	28.1	28.1	27.7	-	1.4
Savings Accounts	59.7	57.9	59.2	3.1	0.8
Insurance Group	52.4	52.2	51.5	0.4	1.7
- Policyholders	46.7	46.3	45.7	0.9	2.2
- Pension Plan Participants	2.9	3.1	2.8	(6.5)	3.6
- Capitalization Bond Customers	2.8	2.8	3.0	-	(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

Region	Sept18		Market Share	Sept17		Market Share
	Bradesco	Market		Bradesco	Market	
North	263	1,099	23.9%	271	1,104	24.5%
Northeast	851	3,379	25.2%	851	3,426	24.8%
Midwest	379	1,702	22.3%	414	1,731	23.9%
Southeast	2,416	10,673	22.6%	2,519	10,879	23.2%

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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South	743	3,829	19.4%	790	3,879	20.4%
Total	4,652	20,682	22.5%	4,845	21,019	23.1%

Officially launched to the market on October 30, 2017, Next was established to complement the ecosystem of solutions of the Bradesco Organization. The strategy does not envisage any migratory movement of Bradesco clients, but the conquest of this new and promising market of hyperconnected people.

It was developed as a platform 100% digital, which offers people paths for the achievement of goals, financial management, convenience on a day to day basis, intelligent solutions and the freedom to make decisions when and how they want, as well as being a major hub for connection with other digital platforms that add value and are part of the people's daily lives.

Its language, branding, design and its entire platform were specifically designed to provide customers with an innovative solution, focused on paths and totally integrated with their purposes.

Next has a sophisticated Analytics platform, with predictive algorithms. They are able to map all the

behavior of clients, anticipating actions and suggesting the best solutions for cash management.

It has several financial and non-financial solutions that are designed and constructed from various studies carried out by teams of anthropologists, designers, business and technology.

At the end of the third quarter, Next had 281 thousand Active Accounts, of which 75% were not Bradesco Accounts, i.e., we are addressing a new market. The churn, since the launch has less than 1.5%. By the end of 2018, we expect to achieve the mark of up to 500 thousand accounts, emphasizing that we have around 107 thousand proposals for opening in progress.

In 3Q18, the clients executed 11.1 million transactions, a volume 48% higher than the one performed in the previous quarter.

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 that is compatible with the nature of its operations and the complexity of its products and services, activities, processes, and systems, as well as the extent of its exposure to risk. It also comprises committees, commissions and departments that support the Board of Executive Officer and the Board of Directors in decision making. The most notable amongst these are the Integrated Risk Management and Capital Allocation Committee (COGIRAC), whose role is to assure the fulfillment of the Organization's risk management processes and policies, and the Risk Committee, whose main purpose is to assess the structure of the Organization's risk management and occasionally propose improvements. Both advise the Board of Directors on the performance of its duties in management and the control of risks and capital.

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,

Detailed information regarding risk management process, regulatory capital as well as our risk exposures, can be found in the Risk Management Report – Pillar 3, available on the Investor Relations website at bradescori.com.br.

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

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 its 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.

years and are constantly monitored and controlled by the Capital Management area.

Bradesco has a recovery plan that contains actions of capital and liquidity in compliance with Resolution No. 4,502/16.

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.

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

The capital adjustment and management process is continuously monitored and aims to ensure that Grupo Bradesco Seguros 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 August 2018 was R\$11.4 billion.

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

(1) It includes the positive effects of Resolution No. 4,680/18, reducing the impact of tax credits arising from tax losses;

(2) It includes subordinated debt authorized by Central Bank, in September 2018, in the amount of approximately R\$7 billion; and

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

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

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. According to statutory provision, there is no fulfillment of the posts of Chairman of the Board of Directors and Chief Executive Officer.

Eight committees advise the Board of Directors, which are statutory: (i) Audit; and (ii) Remuneration; and 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 the practise of 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 department (DCCE – Department of Compliance, Conduct and Ethics) 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

The Fiscal Council, a permanent supervisory body, comprises five effective 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 certified by the IIA (Institute of Internal Auditors of Brazil) 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 – 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, operations and/or businesses.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

building actions developed by Unibrad – Bradesco University for all professionals, focused on the themes of Conduct, Controls and Compliance.

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 third quarter of 2018 we promoted 62 events with national and international investors, through conferences, meetings, conference calls and institutional presentations, assisting 350 investors. We also held two teleconferences addressing the results.

In the period, Bradesco APIMEC Meetings were held, in the cities of Rio de Janeiro and São Paulo, comprising an audience of over 1,330 participants, in person and by following live on the internet, in English and Portuguese and with a Brazilian sign-language interpreter. During the events, the main figures, strategies and perspectives of Bradesco were presented.

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 incorporate initiatives and voluntary commitments, such as: UNEP FI (United Nations Environment Programme Finance Initiative), Global Compact Initiatives, Goals of Sustainable Development (ODS), Equator Principles, Principles for Responsible Investment (PRI), Businesses for the Climate (EPC), CEBDS (Brazilian Business Center for Sustainable Development), Taskforce on Climate-related Financial Disclosures (TCFD), among others.

The main decisions and monitoring of the sustainability strategy are conducted by the Sustainability and Diversity 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 market sustainability. In 2018, we maintained our presence in the Corporate Sustainability Index (ISE) and the Carbon

Principles for Banking Responsibility, of UNEP FI

Bradesco is the only financial institution in Brazil to participate in the group of banks that is developing the Principles for Banking Responsibility with UNEP FI. The purpose of the initiative is to create guidelines that strengthen the support from banks in order to achieve the Goals of Sustainable Development and of the Paris Agreement on climate change. The final version of the Principles will be published in 2019.

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 a guaranteed free and 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

Efficient Index (ICO2), both of B3, and achieved the best position among Brazilian banks in the Dow Jones Sustainability Index (DJSI), of the New York Stock Exchange.

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

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Limited Assurance Report about Consolidated Supplementary Accounting information included within the Economic and Financial Analysis Report

To

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

Osasco – SP

We were engaged by Banco Bradesco S.A. ("Bradesco") to report on the consolidated supplementary accounting information of Banco Bradesco S.A. as of September 30, 2018 and for the period then ended, in the form of a limited assurance conclusion if, based on our engagement performed, described in this report, nothing has come to our attention that causes us to believe that the consolidated supplementary accounting information included within the Economic and Financial Analysis Report are not presented, in all material respects, based on the information referred to in the "Criteria for preparing the consolidated supplementary accounting information" paragraph.

Responsibilities of the Management of Bradesco

Management of Bradesco is responsible for preparing and adequately presenting the consolidated supplementary accounting information included within the Economic and Financial Analysis Report based on the criteria for the preparation of the consolidated 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 determined as 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 review the consolidated supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a limited 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 meaningful level of limited assurance about whether we did not become aware of any

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

fact that could lead us to believe that the consolidated supplementary accounting information included within the Economic and Financial Analysis Report are not presented, in all material respects, to the information referred to in the "Criteria for preparing the consolidated supplementary accounting information" paragraph.

The procedures selected were based on our understanding of the consolidated supplementary accounting information included within the Economic and Financial Analysis Report, as well as other circumstances of our work and our consideration of other areas that may contain material misstatements, regardless of whether they are caused by fraud or error. However, such procedures do not include investigation or detection of fraud or error.

Limited assurance is less than absolute assurance and reasonable assurance. Procedures to gather information to a limited assurance engagement are more limited than to a reasonable assurance engagement and, therefore, we obtain less assurance than a reasonable assurance engagement; consequently, we do not express neither an audit opinion nor a reasonable assurance over the consolidated supplementary accounting information included within the Economic and Financial Analysis Report.

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 to 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 Consolidated Supplementary Accounting Information

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

Conclusion

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

Based on the procedures performed we did not become aware of any fact that lead us to believe that the consolidated supplementary accounting information included within the Economic and Financial Analysis Report are not presented, in all material respects, in accordance with the information referred to in the "Criteria for preparing the consolidated supplementary accounting information" paragraph.

Osasco, October 30, 2018

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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 and Fiscal Council's Report

Management Report

Dear Shareholders,

We hereby present the Consolidated Financial Statements of Banco Bradesco S.A. related to the period ended on September 30th, 2018, in accordance with the accounting practices used in Brazil and applicable to institutions authorized to operate by the Central Bank of Brazil.

1. Economic Commentary

The GDP's desirable acceleration requires adjustments that reduce fiscal uncertainties and increase productivity. The economy's current and moderate rhythm of recovery, in turn, has reduced the inflationary pressures originating from foreign exchange depreciation, allowing the monetary policy to continue expanding. In the case of a commitment with the economic reforms next year, the Country should accelerate its growth, especially through consumption and investment, favoring the creation of jobs. It is important to highlight that the international context continues showing great volatility, especially in developing countries. Brazil has foundations that differentiate it from other developing nations, and its commitment to structural measures has become essential to mitigating the effects that this volatility has on the prices of its assets.

2. Highlights

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (netincome), that

3. Period-specific Results

In the period from January 1st to September 30th, 2018, Bradesco's Net Income reached R\$ 14.004 billion, equivalent to R\$ 2.09 per share, and with a profitability of 16.6% 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 directed R\$ 2.270 billion to the shareholders, paid on a monthly and intermediaries basis, and R\$ 3.091 billion provisioned, totalling in R\$ 5.361 billion in the period.

Throughout the nine months of the year, the taxes and contributions that include pensions, paid or provisioned, reached R\$ 21.370 billion, of which R\$ 9.607 billion is related to taxes withheld and collected from third parties, and R\$ 11.763 billion calculated based on the activities developed by the Bradesco Organization, corresponding to 84.0% of the Net Income.

4. Capital and Reserves

In September 2018, the paid-up Share Capital totalled R\$ 67.100 billion. Added to the Equity Reserves of R\$ 48.570 billion, it resulted in a

Among the events that determine the Organization's quarter, we highlight:

- For the thirteenth time, Bradesco was selected to integrate the Dow Jones Sustainability Indices - DJSI, of the New York Stock Exchange. In 2018, the Bank composes the Global and Emerging Markets portfolios, and holds the best position among Brazilian banks; and
- In October 2, 2018, Bradesco formalized a strategic partnership with RCB Investimentos S.A., one of the main credit management and recovery companies in Brazil, upon the acquisition of 65% of its shares. With the business, which strengthens our prominent position in the financial system - we are the largest in terms of credit recovery volume -, we have further increased the processes' efficiency and active participation in the market of the acquisition of credits for recovery.

Shareholders' Equity of R\$ 115.670 billion, showing a growth of 4.9% compared to the same period in the previous year, corresponding to the equity value of R\$ 17.28 per share. Calculated on the basis of its shares listing, the Market Value of Bradesco reached R\$ 182.110 billion on September 30th, 2018, equivalent to 1.6 times the Shareholders' Equity.

The Managed Shareholders' Equity, representing 9.1% of the Total Assets, totalling in R\$ 1.282 trillion, registered an increase of 5.4% compared to the same period last year. Thus, the Basel ratio reached 16.8%, which is therefore 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 quarter, the immobilization index, compared to the Reference Equity, reached 38.0% in the Prudential Consolidation, within the maximum limit of 50.0%, established by the Central Bank of Brazil - Bacen.

As provided for by Article 8 of the Circular Letter No. 3,068/01 of the Central Bank of Brazil, we declare 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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5. Funding and Managing Resources

R\$ 21.127 billion in business in the Rural Area;

The resources funded and managed by the Bradesco Organization on September 30th, 2018 amounted to R\$ 2.005 trillion, 5.6% higher than that of the same period in the previous year, distributed as:

R\$ 13.991 billion in Advance Payments on Exchange Contracts, for a Portfolio in the amount of US\$ 9.970 billion of Financing for Export; and

US\$ 2.050 billion of operations in Import Finance in Foreign Currencies.

R\$ 536.800 billion in Demand Deposits, Time Deposits, Interbank Deposits, Savings Accounts and Securities Sold under Agreements for Repurchase, an increase of 6.1%;

The Portfolio balance for the Real Estate Credit activities was R\$ 61.566 billion, whereby R\$ 37.051 billion was intended for the Individuals and R\$ 24.515 billion for the Legal Entities, totaling 186,182 units financed.

R\$ 871.231 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, an increase of 6.2%;

The consolidated provision balance for credit losses amounted to R\$ 35.148 billion, equivalent to 8.8% of the total volume of credit operations, with R\$ 6.891 billion of surplus provision in relation to the minimum required by the Central Bank of Brazil.

R\$ 307.242 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 2.8% increase.

7. Bradesco BBI

R\$ 254.653 billion in Technical Provisions for Insurance, Pension Plans and Capitalization Bonds, an increase of 6.4%; and

Bradesco 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

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (netincome), that

R\$ 47,494 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\$11,862 billion.

6. Loan Operations

The balance of credit operations in the expanded concept totaled R\$ 523.431 billion at the end of the period, an increase of 7.5% included in this amount:

R\$ 123.612 billion in Consumption Finance, which includes R\$ 33.150 billion of credit receivables from Credit Cards, R\$ 48.572 billion in Consigned Loans, R\$ 22.643 billion of vehicle CDC/ Leasing and R\$ 19.247 billion of Personal Loans;

R\$ 71.462 billion of Sureties and Guarantees;

R\$ 18.541 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;

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 period from January to September 2018, transactions conducted had a volume greater than R\$ 176.045 billion.

8. Grupo Bradesco Seguros (Insurance Group)

With relevant participation in the Organization's results, Grupo Bradesco Seguros reiterates its prominent position in Insurance, Capitalization and Open Pension Plan registering on September 30, 2018, a Net Income of R\$ 4.607 billion and Shareholders' Equity of R\$ 31.659 billion. The net insurance premiums issued, pension contributions and income from capitalization reached a total of R\$ 53.381 billion.

9. Bradesco Service Network

Our Service Network has a modern structure, which is present in all regions of Brazil and in some locations abroad. At the end of the quarter, there were 75,804 service points, distributed as follows:

Bradesco -

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Management Report

8,525 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco – 4,646, Banco Bradesco Cartões – 1, Banco Bradesco Financiamentos – 2, Banco Bradesco BBI - 1, Banco Bradesco BERJ –1 and Banco Alvorada – 1; and PAs: 3,873);

We are also 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.

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

Traditionally, we are a Bank that assists all kinds of publics, and we are aware of their's needs. Thus, we currently have six major Digital Platforms, which assist 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.

10 Overseas Subsidiaries and Representation Office (Banco Bradesco Argentina S.A.U., 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; Bradescard Mexico, Sociedad de Responsabilidad Limitada in Jalisco; and Representative Office, in Miami);

For Investor clients, we offer services of financial advice and equity management, with services via the Equity Management Platform, composed of highly qualified professionals with the best qualifications in the Brazilian market. The service, provided nationally, is offered by telephone or chat, whereby operations can be made, and investment, pension and broker advice is offered.

14,993 Service branches of Bradesco Financiamentos, with 859 posts for payroll loans and 14,134 posts for Vehicle Financing;

9.1 Next

39,100 Bradesco Espresso service branches;

Continuing with the idea of offering differentials and convenience to people, we observed the needs of the hyperconnected public and, with this in mind, in 2017, we launched the Next, 100% stand-alone

916 In-company electronic service
branches;

digital bank platform. The aim: the best usage experience, the relationship with the client, which is made conducted interactively based on their behavior, and transforming money management into smart pathways toward one's goals, giving users the freedom to carry out account transactions spontaneously and integrated to their purposes.

60 Losango service branches;

54 External Terminals in the Bradesco
Network; and

10. Corporate Governance

12,143 ATMs in the Banco24Horas Network,
with 27 terminals shared by the Networks.

Corporate governance practices have been present in Banco Bradesco S.A.'s management since 1943, the year of its establishment. Since 1946, its shares have been traded on the Brazilian Stock Exchange, having started its operations in the US capital market in 1997, initially negotiating 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 has also negotiated DRs (Depositary Receipts) on the European market.

We have 35,389 coexisting ATMs, strategically distributed nationwide, of which 2,067 are recycling machines of banknotes, which guarantee immediate deposits into the account, including on weekends, aside from the 22,509 ATMs of the Banco24Horas Network.

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The Bank's management is composed of the Board of Directors and the Statutory Board of Executive Officers, whereby the Board of Directors is composed of eight members, six of which 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 Board of Executive Officers' activities, all of which are 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. Besides the Fiscal Council and the Audit Committee, Bradesco has an Internal Audit, reporting to the Board of Directors.

Among the practices adopted, we highlight the listing of the Bank at Tier I of Corporate Governance of the B3 – Brazil, Bolsa, Balcão, since 2001, and since 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. Further information about practices adopted is available on bradescori.com.br – Corporate Governance Section.

In meeting the best practices of corporate governance, the entire Organization adopts its own integrity program, which is composed by 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 in the main international laws, especially where we have units, operations and/or businesses.

12. Innovation and Technology

In the world of finance, we have a pioneering history regarding technology and innovation. Focusing on the users' experience, we seek to enhance our already consolidated resources, always aware of the changes in the market, conducting research and tests with the most advanced technologies in order to be an increasingly practical, efficient and secure Bank.

The client is at the center of all we do, and is what drives us. We have adapted the way we do business and have incorporated faster methodologies to understand our clients, and ensure they receive a better, more individualized experience. The transformation is performed with technologies, innovation and people, in which the people are essential, because they aggregate and develop competences, ideas and skills.

Highlights that are part of the innovative process:

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (netincor), that

In accordance with Instruction No. 381/03, of the Brazilian Securities and Exchange Commission - CVM, the Bradesco Organization did not contract nor did it have services provided by KPMG Auditores Independentes in the period from January to September 2018, 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 primarily procedures agreed beforehand, or assurance for review of financial information, of draws and revision. 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 auditor should not audit their own work, perform managerial duties for their clients or promote their customers' interests.

11. Compliance and Integrity Program

The Senior Management and its employees are committed to comply with the laws and regulations applicable to activities, as well as the business conduct, by observing high standards of conduct and ethics. To ensure compliance to these commitments, there are policies, standards, processes and systems that monitor conduct, channels and mechanisms for handling complaints, in addition to a specific area responsible for the entire program. These components are supported by Committees linked to the Board of Directors, such as Ethical Conduct, and supported by training and capacity-building actions developed by UniBrad – *Universidade Corporativa Bradesco* (Bradesco Corporate University) for all professionals.

- **BIA – Bradesco Inteligência Artificial (Artificial Intelligence):** using Watson, IBM's cognitive computing platform as a basis, we were pioneers in developing the BIA, which engages with the user in natural speech, answering questions about products and services. Available for clients and employees, it makes customer service more agile, practical and autonomous;
- **Digital Payments:** Apple Pay, Samsung Pay, Google Pay and QR Code, the last one being an unprecedented solution among banks and, therefore, we now have the most complete payment solution via cellphone on the market;
- **Biometrics:** identification via the palm of the hand and one's voice, offering more convenience and security; and

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- **inovaBra:** innovation platform that fosters internal and external entrepreneurship, through connections and partnerships of the Organization with the ecosystem of innovations based on collaboration between the bank and businesses, startups, investors and mentors, both in Brazil and in the world, to address the businesses' challenges and sustainability.

Among others, we highlight the work conducted by the **Fundação Bradesco**, our main social activity that has invested in education and health care for more than six decades, creating a positive influence in the localities in which it operates through quality education for children, youth 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.

13. Human Capital

The people who work here are one of the important pillars that support the Organization. The Human Capital Management model is invariably guided by the egalitarian appreciation of people, without giving margin to any kind of discrimination. We adopted a strategy aimed 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, which is increasingly more competitive and demanding, and to stimulate and encourage innovative thinking. Thus, in the period from January to September 2018, 2,015 courses were offered, with 638,816 participants. The welfare benefits reached 235,597 people, ensuring good wellbeing, the improvement of quality of life and the safety of employees and their dependents.

The Fundação Bradesco supports 40 of their own schools installed mainly in regions of high socio-economic deprivation, across every Brazilian state and Federal District. To maintain the extensive structure, its budget for 2018 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 towards 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";

14. Sustainability in the Bradesco Organization

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (netincome), that

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 growth, respecting the audiences, the communities and the environment with which we interact. Therefore, we have not only evolved, but we want people around us to have quality of life, thus, we have various actions contributing to reduce social inequality, expanding rights, preserving nature, promoting financial and social inclusion and enabling full access to citizenship.

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 thousand students in Basic Education.

The new housing architecture project for the *Escola Fazenda Canuanã*, in Formoso do Araguaia - TO, maintained for 45 years by Fundação Bradesco, currently with 860 students, received the award for Building Of The Year for the Best Building in Educational Architecture in the world by the Portal ArchDaily. It also received other important awards, like the APCA 2017, from *Associação Paulista de Críticos de Artes*; Building of the Year 2018, by the Portal ArchDaily Brazil; and RIBA Awards, by the Royal Institute of British Architects; among others.

We know the importance that sport has in people's lives, mainly regarding the creation of values. For this reason, with more than 30 years of existence, we have the **Bradesco Sports and Education Program** that 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, starting from eight years old, reaffirming the Organization's social commitment and displaying how it values talent, citizenship, as well as education, sport and health.

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Continuing our social activities, in August 2018 we initiated the project **UniBrad Semear**, an action implanted with 23 employees of the Bank that participate in Bradesco's Volunteer program. In order to strengthen the relationship with the local community, enabling its human development in social competences through Financial Education and Emotional Intelligence, the volunteers were trained to teach local residents, young people in secondary education, teachers and managers of *Escola Estadual Sólon Borges dos Reis*, in the district of Rio Pequeno - SP, dynamically. The structure of the lessons includes themes like the life project, behaviour, conscious consuming, economic cycle, planning, personal and family budget, the importance of saving money, making a loan, interest rates, entrepreneurship, *résumé* and the employment market. By the end of the project, in December, around 2,200 people will have participated in the workshops and in the courses.

15. Recognitions

In the third quarter, Bradesco Organization receives significant recognitions, of which we highlight the following:

- Bradesco is highlighted in the 2018 edition of the Biggest and Best Yearbook, of the *Exame* magazine, in the ranking that lists the 1,000 largest companies in the Country. The Organization is the

- In the 6th edition of Efma – Accenture/Distribution & Marketing Innovation Award, Bradesco won in three categories: 1st place in Global Innovator; 1st place in Digital Marketing & Communication; and 3rd place in Workforce Experience;
- In Global Finance's 25th Annual Best Bank Awards, published by Global Finance magazine, Bradesco was elected the Best Brazilian Bank, the Best Investment Bank of Brazil and the Best Bank of Mergers and Acquisitions in Latin America;
- Bradesco was recognized as the Company of the Year in corporate citizenship, according to a study conducted by *Grupo Gestão RH*;

- By *Associação Brasileira das Empresas e Profissionais da Engenharia da Comunicação e Infraestrutura/TI – Aberimest* (Brazilian Association of Companies and Professionals of Communication and Infrastructure/IT Engineering), Bradesco received the award *Banco Conectado* (Connected Bank);

first of the 200 Largest Groups and is part of the list of the 50 Largest Banks by Equity and of the Largest Banks by Profit. It is also first in Mergers and Acquisitions. The Insurance Group had three prominent positions highlighted in the 10 Largest Insurance Companies in the Country;

- Bradesco receives Awards in the guide *As Melhores da Dinheiro 2018*, of the *IstoÉ Dinheiro* magazine, winning as the best company in Corporate Governance; best Bank with its people management policy; and led the ranking of banks by revenue in the 1,000 largest of *Dinheiro*. Bradesco Vida e Previdência won as the best company in the sector;

- Banco Bradesco and Bradesco Seguros have been included once again in the list of Best Companies to Work For in Brazil and, also in the ranking for *Barueri e Região*, according to a survey conducted by *Época* magazine, assessed by the consultancy firm Great Place to Work. Losango, present on the list, also conquered the title as best company in the State of Rio de Janeiro;

- In 2018, Next was elected as being the Best Digital Bank in Brazil, in the Consumer category of the 19th Annual Digital World Awards, of the American magazine Global Finance. It was also highlighted in the 18th Latin American Conference CLAB 2018, organized by Federação Latino-Americana de Bancos – Felaban (Latin American Bank Federation) and by the Latin American Commission on Banking Automation. On the occasion, Bradesco, with the Next case, conquered the first place in the sixth edition of the *Premio a La Innovación Financiera*;

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- Bradesco received trophies during the 17th Learning & Performance Brazil 2018 Award ceremony, promoted by MicroPower. The highlights: Recognition of Bradesco's protagonism in the 20 years of the Training and Employability of People with Visual Impairment program; BIA – Bradesco Inteligência Artificial (AI) classified as a National Reference and Next as National Feature, both in the focus Business Digital Transformation; and UniBrad – Culture of Digital Innovation as National Reference in the focus Learning & Performance Ecosystem;

- BBI was elected for the third consecutive time, as the Most Innovative Bank in Latin America by The Banker magazine;

- Bram – Bradesco Asset Management was elected for the second consecutive year, as the best manager of variable income in 2017, by the *Investidor Institucional* magazine. In addition, for the third consecutive time, it was considered as the manager with most funds, 39, classified as excellent, second in the ranking The Best Funds for Institutions, published in the August edition of the same magazine;

16. Acknowledgments

The results achieved emphasize the commitment and well-designed strategy of the Bradesco Organization to overcome expectations and increase efficiency, always aware of quality and security.

We are grateful for our shareholders and clients for their support and trust and for our employees and other associates for their dedicated and efficient work.

Cidade de Deus, October 30th, 2018

**Board of Directors and
Board of Executive Officers**

- In the Top Asset 2018 ranking, of the Investidor Institucional magazine, Bram conquered first place in the categories: Largest Open Pension Managing Entity; Largest Insurance Co. Management Entity; Largest Capitalization Managing Entity; and Largest Corporate Management Entity. It also achieved the leadership among the Private Management Entity; and
- BSP Empreendimentos Imobiliários, a company of Grupo Bradesco Seguros, received the award *Master Imobiliário*, by FIABCI/Brazil and SECOVI/SP, in the category for “Commercial Enterprise” for the headquarters of inovaBra habitat, for its sustainable and constructive characteristics.

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Assets	2018	2017
Current	820,960,065	802,260,657
Cash and due from banks (Note 5)	15,294,120	16,706,203
Interbank investments (Notes 3d and 6)	110,714,095	177,510,639
Securities purchased under agreements to resell	101,788,673	171,533,177
Interbank investments	8,932,810	5,985,238
Allowance for losses	(7,388)	(7,776)
Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)	373,625,738	311,329,816
Own portfolio	317,456,285	255,322,002
Securities sold under repurchase agreements – Repledge only	23,671,080	22,471,384
Derivative financial instruments (Notes 3f, 7d II and 34a)	10,476,632	15,987,356
Given in guarantee to the Brazilian Central Bank	-	1,767
Given in guarantee	20,361,881	16,912,075
Securities sold under repurchase agreements – unrestricted	1,659,860	635,232
Interbank accounts	80,298,508	69,239,028
Reserve requirement (Note 8):		
- Reserve requirement - Brazilian Central Bank	80,224,846	69,174,946
- SFH - housing finance system	19,043	19,393
Correspondent banks	54,619	44,689
Interdepartmental accounts	131,855	99,839
Internal transfer of funds	131,855	99,839
Loans (Notes 3g, 9 and 34a)	139,486,363	136,123,684
Loans:		
- Public sector	257,223	1,035,226
- Private sector	157,749,937	154,792,770
Loans transferred under an assignment with recourse	893,682	1,002,390
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(19,414,479)	(20,706,702)
Leases (Notes 2, 3g, 9 and 34a)	877,855	1,060,673
Leases receivables:		
- Private sector	1,683,272	2,087,906
Unearned income from leases	(765,310)	(950,145)
Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)	(40,107)	(77,088)
Other receivables	97,300,432	86,796,121
Receivables on sureties and guarantees honored (Note 9a-3)	138,722	370,056
Foreign exchange portfolio (Note 10a)	23,890,500	20,524,948
Receivables	1,280,776	1,387,922
Securities trading	3,220,708	1,715,426
Specific receivables	34,421	22,208
Insurance and reinsurance receivables and reinsurance assets – technical provisions	3,963,227	3,949,683
Sundry (Note 10b)	66,458,135	60,823,560

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)	(1,686,057)	(1,997,682)
Other assets (Note 11)	3,231,099	3,394,654
Other assets	2,989,609	2,990,174
Allowance for losses	(1,583,525)	(1,364,791)
Prepaid expenses (Notes 3i and 11b)	1,825,015	1,769,271
Long-term receivables	432,261,568	384,158,293
Interbank investments (Notes 3d and 6)	1,452,572	1,051,540
Interbank investments	1,452,572	1,051,540
Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)	189,508,704	168,941,764
Own portfolio	92,686,995	118,342,447
Securities sold under repurchase agreements – Repledge only	91,852,129	40,430,362
Derivative financial instruments (Notes 3f, 7d II and 34a)	3,047,300	84,872
Privatization rights	40,470	45,357
Given in guarantee	897,753	3,946,296
Securities sold under repurchase agreements – unrestricted	984,057	6,092,430

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Assets	2018	2017
Interbank accounts	1,250,225	812,644
Reserve requirement (Note 8):		
- SFH - housing finance system	1,250,225	812,644
Loans (Notes 3g, 9 and 34a)	171,616,905	154,272,118
Loans:		
- Public sector	4,000,000	3,000,000
- Private sector	174,412,742	157,505,894
Loans transferred under an assignment with recourse	7,098,672	7,380,736
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(13,894,509)	(13,614,512)
Leases (Notes 2, 3g, 9 and 34a)	1,036,103	1,061,729
Leases receivables:		
- Private sector	2,122,519	2,284,299
Unearned income from leases	(1,045,060)	(1,156,004)
Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)	(41,356)	(66,566)
Other receivables	66,679,779	57,116,220
Receivables	26,052	20,078
Securities trading	515,767	264,287
Sundry (Note 10b)	66,209,120	56,845,733
Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)	(71,160)	(13,878)
Other assets (Note 11)	717,280	902,278
Prepaid expenses (Notes 3i and 11b)	717,280	902,278
Permanent assets	28,806,529	30,271,974
Investments (Notes 3j, 12 and 34a)	8,134,016	7,881,172
Equity investment in unconsolidated and jointly controlled companies:		
- In Brazil	7,984,995	7,732,493
Other investments	392,425	403,432
Allowance for losses	(243,404)	(254,753)
Premises and equipment (Notes 3k and 13)	7,442,905	7,249,429
Premises	3,122,649	2,637,110
Other premises and equipment	13,464,939	12,496,073
Accumulated depreciation	(9,144,683)	(7,883,754)
Intangible assets (Notes 3l and 14)	13,229,608	15,141,373
Intangible Assets	29,897,451	28,569,032
Accumulated amortization	(16,667,843)	(13,427,659)
Total	1,282,028,162	1,216,690,924

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

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Liabilities	2018	2017
Current	828,395,354	815,850,555
Deposits (Notes 3n and 15a)	192,662,011	156,970,034
Demand deposits	33,487,987	30,326,471
Savings deposits	106,375,341	98,223,969
Interbank deposits	573,781	1,512,304
Time deposits (Notes 15a and 34a)	52,224,902	26,907,290
Securities sold under agreements to repurchase (Notes 3n and 15b)	217,005,163	235,266,470
Own portfolio	128,204,786	96,612,457
Third-party portfolio	81,529,704	128,585,158
Unrestricted portfolio	7,270,673	10,068,855
Funds from issuance of securities (Notes 15c and 34a)	69,637,032	80,620,867
Mortgage and real estate notes, letters of credit and others	68,303,529	79,708,600
Securities issued overseas	899,922	750,345
Structured Operations Certificates	433,581	161,922
Interbank accounts	18,347,054	18,357,581
Unsettled payments and receipts	17,071,912	17,018,635
Correspondent banks	1,275,142	1,338,946
Interdepartmental accounts	5,141,118	4,702,464
Third-party funds in transit	5,141,118	4,702,464
Borrowing (Notes 16a and 34a)	29,547,672	19,334,536
Borrowing in Brazil - other institutions	-	1,721
Borrowing overseas	29,547,672	19,332,815
On-lending in Brazil - official institutions (Notes 16b and 34a)	7,936,626	11,320,313
National treasury	128,528	151,335
BNDES	2,474,335	4,958,515
FINAME	5,332,249	6,208,924
Other institutions	1,514	1,539
Derivative financial instruments (Notes 3f, 7d II and 34a)	14,964,206	14,562,508
Derivative financial instruments	14,964,206	14,562,508
Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)	222,669,906	210,711,549
Other liabilities	50,484,566	64,004,233
Payment of taxes and other contributions	3,892,779	4,352,653
Foreign exchange portfolio (Note 10a)	8,923,158	10,822,723
Social and statutory	3,396,827	2,993,244
Tax and social security (Note 19a)	4,703,711	4,244,830
Securities trading	4,800,133	2,791,085
Financial and development funds	1,352	1,312
Subordinated debts (Notes 18 and 34a)	768,196	11,106,166
Sundry (Note 19b)	23,998,410	27,692,220

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

Long-term liabilities	336,964,663	289,584,301
Deposits (Notes 3n and 15a)	126,179,983	102,621,080
Interbank deposits	30,505	48,402
Time deposits (Notes 15a and 34a)	126,149,478	102,572,678
Securities sold under agreements to repurchase (Notes 3n and 15b)	952,782	11,316,218
Own portfolio	952,782	11,316,218
Funds from issuance of securities (Notes 15c and 34a)	79,289,564	54,211,866
Mortgage and real estate notes, letters of credit and others	76,748,808	51,938,151
Securities issued overseas	2,399,189	2,123,662
Structured Operations Certificates	141,567	150,053
Borrowing (Notes 16a and 34a)	660,965	1,270,690
Borrowing in Brazil - other institutions	-	1,846
Borrowing overseas	660,965	1,268,844
On-lending in Brazil - official institutions (Notes 16b and 34a)	17,360,622	20,145,050
BNDES	8,151,172	8,689,343
FINAME	9,209,450	11,455,707
Derivative financial instruments (Notes 3f, 7d II and 34a)	758,814	133,954
Derivative financial instruments	758,814	133,954

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Liabilities	2018	2017
Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)	31,983,383	28,575,580
Other liabilities	79,778,550	71,309,863
Tax and social security (Note 19a)	3,678,120	5,656,313
Subordinated debts (Notes 18 and 34a)	18,526,722	16,127,876
Eligible Debt Capital Instruments (Notes 18 and 34a)	30,717,063	23,299,800
Sundry (Note 19b)	26,856,645	26,225,874
Deferred income	385,721	400,844
Deferred income	385,721	400,844
Non-controlling interests in subsidiaries (Note 21)	612,845	554,622
Shareholders' equity (Note 22)	115,669,579	110,300,602
Capital:		
- Domiciled in Brazil	66,677,721	58,361,535
- Domiciled overseas	422,279	738,465
Capital reserves	11,441	11,441
Profit reserves	50,545,642	48,718,218
Asset valuation adjustments	(1,546,990)	2,911,457
Treasury shares (Notes 22d and 34a)	(440,514)	(440,514)
Attributable to equity holders of the Parent Company	116,282,424	110,855,224
Total	1,282,028,162	1,216,690,924

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

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	2018	2017
Revenue from financial intermediation	91,704,353	116,105,988
Loans (Note 9j)	52,351,797	55,444,943
Leases (Note 9j)	170,646	190,410
Operations with securities (Note 7g)	23,872,551	32,819,380
Financial income from insurance, pension plans and capitalization bonds (Note 7g)	14,232,210	23,403,856
Derivative financial instruments (Note 7g)	(3,276,300)	(962,133)
Foreign exchange contracts (Note 10a)	1,537,248	1,540,460
Reserve requirement (Note 8b)	2,854,024	3,933,177
Sale or transfer of financial assets	(37,823)	(264,105)
Expenses from financial intermediation	61,082,621	82,052,523
Retail and professional market funding (Note 15e)	29,650,878	45,209,276
Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds (Note 15e)	9,414,963	14,832,886
Borrowing and on-lending (Note 16c)	8,256,104	2,292,936
Allowance for loan losses (Notes 3g, 9g and 9h)	13,760,676	19,717,425
Gross income from financial intermediation	30,621,732	34,053,465
Other operating income (expenses)	(15,335,275)	(17,353,812)
Fee and commission income (Note 23)	18,560,972	17,772,000
Other fee and commission income	12,552,191	12,122,382
Income from banking fees	6,008,781	5,649,618
Retained premium from insurance, pension plans and capitalization bonds (Notes 3o and 20c)	53,322,439	54,938,905
Net written premiums earned	53,380,642	55,096,586
Reinsurance premiums paid	(58,203)	(157,681)
Variation in technical provisions for insurance, pension plans and capitalization bonds (Note 3o)	(21,669,358)	(23,829,638)
Retained claims (Note 3o)	(19,445,207)	(19,410,316)
Capitalization bond prize draws and redemptions (Note 3o)	(4,093,785)	(4,137,869)
Selling expenses from insurance, pension plans and capitalization bonds (Note 3o)	(2,395,082)	(2,641,995)
Payroll and related benefits (Note 24)	(14,144,007)	(16,371,329)
Other administrative expenses (Note 25)	(14,210,765)	(14,199,004)
Tax expenses (Note 26)	(4,234,142)	(4,585,062)
Share of profit (loss) of unconsolidated and jointly controlled companies (Note 12b)	1,155,002	1,134,809
Other operating income (Note 27)	5,224,746	8,835,268

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

Other operating expenses (Note 28)	(13,406,088)	(14,859,581)
Operating income	15,286,457	16,699,653
Non-operating income (loss) (Note 29)	(654,606)	(232,075)
Income before income tax and social contribution and non-controlling interests	14,631,851	16,467,578
Income tax and social contribution (Notes 33a and 33b)	(499,483)	(5,407,493)
Current income tax	(3,773,101)	(5,777,092)
Current Social Contribution	(2,086,044)	(3,615,293)
Deferred Tax	5,359,662	3,984,892
Non-controlling interests in subsidiaries	(128,183)	(193,928)
Net income	14,004,185	10,866,157

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

Bradesco _

Consolidated Financial Statements, Independent Auditors' Report and Fiscal Council's Report

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

Events	Capital	Capital reserves Share premium	Profit reserves		Asset valuation adjustments	Treasury shares	Retained earnings	Total
			Legal	Statutory				
Balance on December 31, 2016	51,100,000	11,441	6,807,128	43,641,474	(677,116)	(440,514)	-	100,442,413
Capital increase with reserves	8,000,000	-	-	(8,000,000)	-	-	-	-
Asset valuation adjustments	-	-	-	-	3,588,573	-	-	3,588,573
Net income	-	-	-	-	-	-	10,866,157	10,866,157
Allocations:								
- Reserves	-	-	543,308	5,726,308	-	-	(6,269,616)	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	(4,596,541)	(4,596,541)
Balance on September 30, 2017	59,100,000	11,441	7,350,436	41,367,782	2,911,457	(440,514)	-	110,300,602
Balance on December 31, 2017	59,100,000	11,441	7,540,016	42,361,997	1,884,536	(440,514)	-	110,457,476
Capital increase with reserves	8,000,000	-	-	(8,000,000)	-	-	-	-
Asset valuation adjustments	-	-	-	-	(3,431,526)	-	-	(3,431,526)
Net income	-	-	-	-	-	-	14,004,185	14,004,185
Allocations:								
- Reserves	-	-	700,209	7,943,420	-	-	(8,643,629)	-
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	-	-	(5,360,556)	(5,360,556)
	67,100,000	11,441	8,240,225	42,305,417	(1,546,990)	(440,514)	-	115,669,579

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

**Balance on
September
30, 2018**

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

Economic and Financial Analysis Report – September 2018

Consolidated Financial Statements, Independent Auditors' Report and Fiscal Council's Report

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

Description	2018	%	2017	%
1 – Revenue	95,870,906	283.1	115,370,648	301.4
1.1) Financial intermediation	91,704,353	270.8	116,105,988	303.3
1.2) Fees and commissions	18,560,972	54.8	17,772,000	46.4
1.3) Allowance for loan losses	(13,760,676)	(40.6)	(19,717,425)	(51.5)
1.4) Other	(633,743)	(1.9)	1,210,085	3.2
2 – Financial intermediation expenses	(47,321,945)	(139.7)	(62,335,098)	(162.8)
3 – Inputs acquired from third-parties	(11,279,870)	(33.3)	(11,360,713)	(29.7)
Outsourced services	(3,543,247)	(10.5)	(3,559,756)	(9.3)
Data processing	(1,757,678)	(5.2)	(1,666,696)	(4.4)
Communication	(1,158,688)	(3.4)	(1,265,258)	(3.3)
Asset maintenance	(829,383)	(2.4)	(842,379)	(2.2)
Financial system services	(718,541)	(2.1)	(778,578)	(2.0)
Advertising and marketing	(751,863)	(2.2)	(575,861)	(1.5)
Security and surveillance	(570,021)	(1.7)	(621,273)	(1.6)
Transport	(554,961)	(1.6)	(579,986)	(1.5)
Material, water, electricity and gas	(463,024)	(1.4)	(498,018)	(1.3)
Travel	(203,162)	(0.6)	(172,304)	(0.5)
Other	(729,302)	(2.2)	(800,604)	(2.1)
4 – Gross value added (1-2-3)	37,269,091	110.1	41,674,837	108.9
5 – Depreciation and amortization	(4,560,738)	(13.5)	(4,525,212)	(11.8)
6 – Net value added produced by the entity (4-5)	32,708,353	96.6	37,149,625	97.0
7 – Value added received through transfer	1,155,002	3.4	1,134,809	3.0
Share of profit (loss) of unconsolidated and jointly controlled companies	1,155,002	3.4	1,134,809	3.0
8 – Value added to distribute (6+7)	33,863,355	100.0	38,284,434	100.0
9 – Value added distributed	33,863,355	100.0	38,284,434	100.0
9.1) Personnel	12,501,964	36.9	14,682,552	38.4
Salaries	6,349,753	18.8	7,314,472	19.1
Benefits	3,253,854	9.6	4,314,402	11.3
Government Severance Indemnity Fund for Employees (FGTS)	559,735	1.7	953,588	2.5
Other	2,338,622	6.9	2,100,090	5.5
9.2) Tax, fees and contributions	6,375,668	18.8	11,681,332	30.5
Federal	5,386,477	15.9	11,026,169	28.8
State	7,466	-	9,161	-
Municipal	981,725	2.9	646,002	1.7
9.3) Remuneration for providers of capital	853,355	2.5	860,465	2.2
Rental	850,624	2.5	855,703	2.2
Asset leases	2,731	-	4,762	-
9.4) Value distributed to shareholders	14,132,368	41.7	11,060,085	28.9

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Interest on Shareholders' Equity Dividends paid and/or provisioned	5,360,556	15.8	4,596,541	12.0
Retained earnings	8,643,629	25.5	6,269,616	16.4
Non-controlling interests in retained earnings	128,183	0.4	193,928	0.5

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

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Consolidated Financial Statements, Independent Auditors' Report and Fiscal Council's Report

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

	2018	2017
Cash flow from operating activities:		
Income before income tax and social contribution and non-controlling interests	14,631,851	16,467,578
Adjustments to net income before income tax and social contribution	41,176,229	56,697,399
Effect of Changes in Exchange Rates in Cash and Cash equivalents	(769,838)	(291,794)
Allowance for loan losses	13,760,676	19,717,425
Depreciation and amortization	4,560,738	4,525,212
Impairment losses of assets	737,123	1,766,590
Expenses/ reversal with civil, labor and tax provisions	3,037,921	1,744,317
Expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds	9,414,963	14,832,886
Share of profit (loss) of unconsolidated and jointly controlled companies	(1,155,002)	(1,134,809)
(Gain)/loss on sale of investments	-	(271,198)
(Gain)/loss on sale of fixed assets	86,028	39,492
(Gain)/loss on sale of foreclosed assets	391,160	413,189
Foreign exchange variation of assets and liabilities overseas/Other	11,112,460	15,356,089
Net income before taxes after adjustments	55,808,080	73,164,977
(Increase)/Decrease in interbank investments	(2,662,518)	574,745
(Increase)/Decrease in trading securities and derivative financial instruments	(5,141,130)	(10,977,450)
(Increase)/Decrease in interbank and interdepartmental accounts	(3,163,184)	(1,082,360)
(Increase)/Decrease in loans and leases	(38,157,676)	(437,424)
(Increase)/Decrease in insurance and reinsurance receivables and reinsurance assets	(46,398)	1,195,970
(Increase)/Decrease in other receivables and other assets	(15,219,510)	(4,895,059)
(Increase)/Decrease in reserve requirement - Central Bank	(13,510,620)	(11,138,415)
Increase/(Decrease) in deposits	53,634,632	25,355,436
Increase/(Decrease) in securities sold under agreements to repurchase	(15,509,599)	4,603,757
Increase/(Decrease) in borrowings and on-lending	6,214,878	(6,125,413)
Increase/(Decrease) in technical provisions for insurance, pension plans and capitalization bonds	(1,414,239)	1,112,086
Increase/(Decrease) in other liabilities	957,699	1,436,788
Increase/(Decrease) in deferred income	(24,012)	(76,341)
Income tax and social contribution paid	(5,858,840)	(7,090,138)
Net cash provided by/(used in) operating activities	15,907,563	65,621,159
Cash flow from investing activities:		
Maturity of and interest on held-to-maturity securities	4,124,298	6,884,612

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Sale of/maturity of and interest on available-for-sale securities	103,447,183	76,705,048
Proceeds from sale of foreclosed assets	549,316	567,954
Sale of investments	-	441,558
Sale of premises and equipment	380,798	354,328
Acquisition of Subsidiaries, Net of Cash and Cash Equivalents acquired	(171,558)	-
Purchases of available-for-sale securities	(128,634,899)	(105,668,053)
Purchases of held-to-maturity securities	(34,192,285)	(109,609)
Investment acquisitions	(38,846)	(504,672)
Purchase of premises and equipment	(1,221,180)	(891,494)
Intangible asset acquisitions	(1,317,163)	(2,362,116)
Dividends and interest on shareholders' equity received	1,069,719	818,291
Net cash provided by/(used in) investing activities	(56,004,617)	(23,764,153)
Cash flow from financing activities:		
Funds from securities issued	70,569,589	46,214,741
Settlement and Interest payments of Funds from issuance of securities	(64,335,253)	(72,651,684)
Issuance of subordinated debts	6,804,906	6,593,610
Settlement and Interest payments of subordinated debts	(12,044,108)	(12,417,718)
Interest on Shareholders' Equity Paid	(6,166,259)	(6,110,256)
Non-controlling interest	(78,739)	(88,115)
Net cash provided by/(used in) financing activities	(5,249,864)	(38,459,422)
Net increase/(decrease) in cash and cash equivalents	(45,346,918)	3,397,584
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	769,838	291,794
Cash and cash equivalents - at the end of the period	111,477,362	184,919,805
Net increase/(decrease) in cash and cash equivalents	(45,346,918)	3,397,584

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

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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 financial 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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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 October 30, 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:

	Activity	On September 30	
		Equity interest 2018	2017
Financial Sector – Brazil			
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%
Financial Sector – Overseas			
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%
Insurance, Pension Plan and Capitalization Bond Sector			
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%
Bradesco Argentina de Seguros S.A. (4)	Insurance	99.98%	99.98%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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	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	-	100.00%
Kirton Seguros S.A. (6)	Insurance	-	98.54%
	Pension		
Kirton Vida e Previdência S.A. (6)	plan/Insurance	-	100.00%
Odontoprev S.A. (4)	Dental care	50.01%	50.01%
Other Activities			
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%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%
União Participações Ltda.	Holding	100.00%	100.00%
Investment Funds (7)			
Bradesco F.I.R.F. Master II Previdência	Investment Fund	100.00%	100.00%
Bradesco F.I. Referenciado DI Performance	Investment Fund	100.00%	100.00%
Bradesco F.I.C.F.I. R.F. VGBL F10	Investment Fund	100.00%	100.00%
Bradesco F.I.R.F. Master IV Previdência	Investment Fund	100.00%	100.00%

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Notes to the Consolidated Financial Statements

	Activity	On September 30	
		Equity interest 2018	2017
Bradesco F.I.R.F. Master Previdência	Investment Fund	100.00%	100.00%
Bradesco Private F.I.C.F.I. RF PGBL/VGBL Ativo	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI União	Investment Fund	99.56%	98.92%
Bradesco Private F.I.C.F.I. R.F. PGBL/VGBL Ativo - F 08 C	Investment Fund	100.00%	100.00%
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%

(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.); and

(7) 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**

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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 within 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.

Past-due period (1)	Customer rating
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 60th 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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (netincome), that

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 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.

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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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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 Matemactical Reserve for Benefits to be Granted (PMBaC) uses a discount rate of 4% per year (4.5% in 2017). It considers the payment of premiums until the death of the insured and, from this moment, the costs related to the coverage of dependents who remain in the plan for five further years without payment of premiums;

- For health insurance, the mathematical reserve of benefits granted (PMBC) 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 indexed to inflation and with interest in the event of judicial claims;

- 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;

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- 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;
- 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), calculated using the technical basis of the pension plan, 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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- 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 monetarily adjusted and with interest in the case of judicial claims; 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;

- The reserves for draws to be made (PSR) is constituted to cover the prizes to be paid in future sweepstakes. The calculation methodology consists of the projection of the expected present value of the expenses of future draws and compared to the projection of the expected present value of the installments referring to the future receives of the capitalization bonds;

- 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. For the calculation, the present value of the expected future administrative expenses is projected and compared to present value of the projected loading fees on future installments of the 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.

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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 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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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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 – Accounting vs. Managerial:

	Accounting Statement of Financial Position	Proportionately consolidated (1)	2018 Adjustments of Consolidation (2)	Managerial Statement of Financial Position	Accounting Statement of Financial Position	Proportionately consolidated (1)	On Sep 2017 Adj Con
Assets							
Current and long-term assets	1,253,221,633	9,186,073	66,293,926	1,328,701,632	1,186,418,950	8,855,329	
Cash and due from banks	15,294,120	291,917	-	15,586,037	16,706,203	220,358	
Interbank investments	112,166,667	(73,053)	(20,174)	112,073,440	178,562,179	245,754	
Securities and derivative financial	563,134,442	4,476,832	66,455,134	634,066,408	480,271,580	5,008,881	

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

instruments						
Interbank and interdepartmental accounts	81,680,588	-	-	81,680,588	70,151,511	-
Loans and leases	346,407,677	523,771	-	346,931,448	326,983,072	443,708
Allowance for Loan Losses (ALL)	(35,147,668)	(89,358)	-	(35,237,026)	(36,476,428)	(80,284)
Other receivables and assets	169,685,807	4,055,964	(141,034)	173,600,737	150,220,833	3,016,912
Permanent Assets	28,806,529	(759,864)	-	28,046,665	30,271,974	(434,153)
Investments	8,134,016	(5,941,863)	-	2,192,153	7,881,172	(5,737,318)
Premises and equipment	7,442,905	212,310	-	7,655,215	7,249,429	203,586
Intangible assets	13,229,608	4,969,689	-	18,199,297	15,141,373	5,099,579
Total	1,282,028,162	8,426,209	66,293,926	1,356,748,297	1,216,690,924	8,421,176

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	2018		2017		On Sep	
	Accounting	Proportionately	Adjustments	Managerial	Accounting	Proportionately
	Statement of	consolidated	of	Statement of	Statement of	consolidated
	Financial	(1)	Consolidation	Financial	Financial	(1)
	Position		(2)	Position	Position	
Liabilities						
Current and long-term liabilities	1,165,360,017	7,326,729	66,293,926	1,238,980,672	1,105,434,856	7,309,027
Deposits	318,841,994	(314,735)	847,323	319,374,582	259,591,114	(14,406)
Securities sold under agreements to repurchase	217,957,945	(826)	67,456,602	285,413,721	246,582,688	-
Funds from Issuance of Securities	148,926,596	-	-	148,926,596	134,832,733	-
Interbank and interdepartmental accounts	23,488,172	272,623	-	23,760,795	23,060,045	2,866,732
Borrowing and on-lending	55,505,885	1,920,578	(119,060)	57,307,403	52,070,589	2,352,673
Derivative financial instruments	15,723,020	-	(204,453)	15,518,567	14,696,462	2,049
Technical provisions for insurance, pension plans and capitalization bonds	254,653,289	-	-	254,653,289	239,287,129	-
Other liabilities	130,263,116	5,449,089	(1,686,486)	134,025,719	135,314,096	2,101,979
Deferred income	385,721	-	-	385,721	400,844	-
Non-controlling interests in subsidiaries	612,845	1,099,480	-	1,712,325	554,622	1,112,149
Shareholders' equity	115,669,579	-	-	115,669,579	110,300,602	-
Total	1,282,028,162	8,426,209	66,293,926	1,356,748,297	1,216,690,924	8,421,176

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

	In the nine month period ended September 30						
	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	91,704,353	874,934	965,329	93,544,616	116,105,988	936,616	2,538,000
Expenses from financial intermediation	(47,321,945)	(89,141)	(2,892,017)	(50,303,103)	(62,335,098)	(45,801)	(4,388,000)
Financial margin	44,382,408	785,793	(1,926,688)	43,241,513	53,770,890	890,815	(1,849,000)
Allowance for loan losses	(13,760,676)	(64,087)	-	(13,824,763)	(19,717,425)	(79,303)	
Gross income from financial intermediation	30,621,732	721,706	(1,926,688)	29,416,750	34,053,465	811,512	(1,849,000)
Income from insurance, pension plans and capitalization bonds	5,719,007	-	-	5,719,007	4,919,087	-	
Fee and commission income	18,560,972	3,395,041	1,999,604	23,955,617	17,772,000	3,312,809	1,697,000
Personnel expenses	(14,144,007)	(618,143)	-	(14,762,150)	(16,371,329)	(557,942)	
Other administrative expenses	(14,210,765)	(674,262)	(11,466)	(14,896,493)	(14,199,004)	(1,039,060)	441,000
Tax expenses	(4,234,142)	(446,796)	-	(4,680,938)	(4,585,062)	(383,013)	
Share of profit (loss) of unconsolidated and jointly controlled companies	1,155,002	(1,039,357)	-	115,645	1,134,809	(972,371)	
Other operating income / expenses	(8,181,342)	(776,303)	(61,450)	(9,019,095)	(6,024,313)	(406,197)	(290,000)
Operating income	15,286,457	561,886	-	15,848,343	16,699,653	765,738	
Non-operating income	(654,606)	(13,486)	-	(668,092)	(232,075)	(5,131)	
IT/SC (Income Tax/Soc. Contrib.) and non-controlling	(627,666)	(548,400)	-	(1,176,066)	(5,601,421)	(760,607)	

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

interests

Net income **14,004,185** - - **14,004,185** **10,866,157** -

(1) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Alelo, Crediare, etc.) for managerial purposes; 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.

	On September 30 - R\$ thousand						Managerial Accounting Statement of Financial Position
	Financial (1) (2)		Insurance Group (2) (3)		Other Activities (2)	Eliminations (4)	
	Brazil	Overseas	Brazil	Overseas			
Assets							
Current and long-term assets	978,801,744	125,282,957	291,018,692	24,802	5,093,289	(71,519,852)	1,328,701,632
Cash and due from banks	12,701,727	2,848,047	277,922	8,025	183,840	(433,524)	15,586,037
Interbank investments	109,446,251	2,627,189	-	-	-	-	112,073,440
Securities and derivative financial instruments	337,349,170	18,299,121	279,226,410	1,746	4,080,703	(4,890,742)	634,066,408
Interbank and interdepartmental accounts	81,680,588	-	-	-	-	-	81,680,588
Loans and leases	307,428,546	102,224,616	-	-	-	(62,721,714)	346,931,448
Allowance for Loan Losses (ALL)	(33,231,883)	(2,005,143)	-	-	-	-	(35,237,026)
Other receivables and assets	163,427,345	1,289,127	11,514,360	15,031	828,746	(3,473,872)	173,600,737
Permanent assets	117,880,432	34,924	6,956,950	2,449	865,599	(97,693,689)	28,046,665
Investments	97,193,125	-	2,639,205	-	53,512	(97,693,689)	2,192,153
Premises and equipment	5,173,006	21,459	2,418,890	422	41,438	-	7,655,215

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Intangible assets	15,514,301	13,465	1,898,855	2,027	770,649	-	18,199,297
Total in 2018	1,096,682,176	125,317,881	297,975,642	27,251	5,958,888	(169,213,541)	1,356,748,297
Total in 2017	1,066,982,869	97,714,295	282,863,877	20,390	4,704,800	(140,614,398)	1,311,671,833

Liabilities

Current and long-term

liabilities	979,037,712	64,549,038	265,694,637	15,007	1,204,130	(71,519,852)	1,238,980,672
Deposits	304,245,208	15,722,429	-	-	-	(593,055)	319,374,582
Securities sold under agreements to repurchase	274,840,452	10,573,269	-	-	-	-	285,413,721
Funds from issuance of securities	150,371,150	3,299,111	-	-	-	(4,743,665)	148,926,596
Interbank and interdepartmental accounts	23,760,795	-	-	-	-	-	23,760,795
Borrowing and on-lending	100,532,815	19,496,302	-	-	-	(62,721,714)	57,307,403
Derivative financial instruments	14,915,754	602,813	-	-	-	-	15,518,567
Technical provisions for insurance, pension plans and capitalization bonds	-	-	254,643,179	10,110	-	-	254,653,289
Other liabilities	110,371,538	14,855,114	11,051,458	4,897	1,204,130	(3,461,418)	134,025,719
Deferred income	363,575	-	22,146	-	-	-	385,721
Non-controlling interests in subsidiaries	1,611,310	60,768,843	32,258,859	12,244	4,754,758	(97,693,689)	1,712,325
Shareholders' equity	115,669,579	-	-	-	-	-	115,669,579
Total in 2018	1,096,682,176	125,317,881	297,975,642	27,251	5,958,888	(169,213,541)	1,356,748,297
Total in 2017	1,066,982,869	97,714,295	282,863,877	20,390	4,704,800	(140,614,398)	1,311,671,833

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Notes to the Consolidated Financial Statements

	In the nine month period ended September 30 - R\$ thousand						
	Financial (1) (2)		Insurance Group (2) (3)		Other Activities (2)	Eliminations (4)	Managerial Statement of Income
	Brazil	Overseas	Brazil	Overseas			
Revenue from financial intermediation	77,789,756	3,545,690	13,239,714	4,156	192,303	(1,227,003)	93,544,616
Expenses from financial intermediation	(40,620,363)	(1,494,780)	(9,414,963)	-	-	1,227,003	(50,303,103)
Financial margin	37,169,393	2,050,910	3,824,751	4,156	192,303	-	43,241,513
Allowance for loan losses	(13,229,175)	(595,588)	-	-	-	-	(13,824,763)
Gross income from financial intermediation	23,940,218	1,455,322	3,824,751	4,156	192,303	-	29,416,750
Income from insurance, pension plans and capitalization bonds	-	-	5,680,383	6,731	-	31,893	5,719,007
Fee and commission income	21,924,656	307,383	1,642,214	-	264,444	(183,080)	23,955,617
Personnel expenses	(13,250,814)	(154,755)	(1,174,213)	(3,965)	(178,403)	-	(14,762,150)
Other administrative expenses	(13,875,027)	(194,964)	(1,164,258)	(3,094)	(147,659)	488,509	(14,896,493)
Tax expenses	(3,911,673)	(19,417)	(694,147)	(87)	(55,614)	-	(4,680,938)
Share of profit (loss) of unconsolidated and jointly controlled companies	3,019	-	123,886	-	(11,260)	-	115,645
Other operating income / expenses	(8,645,471)	(69,943)	(103,127)	(987)	137,739	(337,306)	(9,019,095)
Operating income	6,184,908	1,323,626	8,135,489	2,754	201,550	16	15,848,343
Non-operating income	(670,961)	11,122	(10,650)	2	2,411	(16)	(668,092)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	2,725,349	(332,525)	(3,519,761)	(378)	(48,751)	-	(1,176,066)
Net Income in 2018	8,239,296	1,002,223	4,605,078	2,378	155,210	-	14,004,185
Net Income in 2017	5,678,644	981,752	4,032,862	944	171,955	-	10,866,157

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

- (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 September 30 - R\$ thousand	
	2018	2017
Cash and due from banks in domestic currency	11,290,206	13,851,569
Cash and due from banks in foreign currency	4,003,707	2,854,440
Investments in gold	207	194
Total cash and due from banks	15,294,120	16,706,203
Interbank investments (1)	96,183,242	168,213,602
Total cash and cash equivalents	111,477,362	184,919,805

(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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Consolidated Financial Statements, Independent Auditors' Report and Fiscal Council's Report

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

	On September 30 - R\$ thousand					
	1 to 30	31 to 180	181 to 360	More than	2018	2017
	days	days	days	360		
				days		
Securities purchased under agreements to resell:						
Own portfolio position	15,214,804	1,086,704	71,020	-	16,372,528	40,323,994
National treasury notes	13,821,038	862,973	71,020	-	14,755,031	19,700,912
Financial treasury bills	957,515	-	-	-	957,515	-
National treasury bills	255,369	223,731	-	-	479,100	20,551,654
Debentures	-	-	-	-	-	31,893
Other	180,882	-	-	-	180,882	39,535
Funded position	19,973,629	60,848,785	9,649	-	80,832,063	128,136,007
National treasury notes	15,442,885	60,232,604	9,649	-	75,685,138	28,286,547
Financial treasury bills	3,727,991	-	-	-	3,727,991	6,690,379
National treasury bills	802,753	616,181	-	-	1,418,934	93,159,081
Unrestricted position	770,948	3,556,277	256,857	-	4,584,082	3,073,176
National treasury bills	770,948	3,556,277	256,857	-	4,584,082	3,073,176
Subtotal	35,959,381	65,491,766	337,526	-	101,788,673	171,533,177
Interest-earning deposits in other banks:						
Interest-earning deposits in other banks:	3,715,588	3,651,998	1,565,224	1,452,572	10,385,382	7,036,778
Provision for losses	(2,407)	(738)	(4,243)	-	(7,388)	(7,776)
Subtotal	3,713,181	3,651,260	1,560,981	1,452,572	10,377,994	7,029,002
Total in 2018	39,672,562	69,143,026	1,898,507	1,452,572	112,166,667	
%	35.4	61.6	1.7	1.3	100.0	
Total in 2017	171,685,884	4,197,634	1,627,121	1,051,540		178,562,179
%	96.1	2.4	0.9	0.6		100.0

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

b) Income from interbank investments

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

	In the nine month period ended September 30 - R\$ thousand	
	2018	2017
Income from investments in purchase and sale commitments:		
• Own portfolio position	992,665	764,024
• Funded position	4,537,320	13,233,221
• Unrestricted position	1,601,872	484,460
Subtotal	7,131,857	14,481,705
Income from interest-earning deposits in other banks	487,736	356,854
Total (Note 7g)	7,619,593	14,838,559

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Notes 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 September 30 - R\$ thousand							
	Financial	Insurance and Capitalization bonds	Insurance Group Pension plans	Other Activities	2018	%	2017	%
Trading securities	46,028,178	14,367,454	189,440,558	24,117,249	249,860,307	44.4	231,524,865	48.2
- Government securities	25,349,349	11,103,177	175,535,128	8,377,211	211,996,031	37.6	187,895,746	39.2
- Corporate securities	7,379,817	3,228,256	13,716,531	15,740	24,340,344	4.4	27,556,891	5.7
- Derivative financial instruments (1) (5)	13,299,012	36,021	188,899	-	13,523,932	2.4	16,072,228	3.3
Available-for-sale securities (2)	183,539,690	22,066,328	16,789,292	21,421,222	222,416,731	39.5	210,152,435	43.8
- Government securities	115,903,146	20,123,780	15,573,246	15,985,151	151,616,157	26.9	148,179,589	30.9
- Corporate securities	67,636,544	1,942,548	1,216,046	5,436	70,800,574	12.6	61,972,846	12.9
Held-to-maturity securities (2)	62,638,469	5,273,291	22,945,644	-	90,857,404	16.1	38,594,280	8.0
- Government securities	51,140,347	5,273,291	22,945,644	-	79,359,282	14.1	26,310,804	5.5
- Corporate securities	11,498,122	-	-	-	11,498,122	2.0	12,283,476	2.5
Total	292,206,337	41,707,073	229,175,494	45,538,563	563,134,442	100.0	480,271,580	100.0
	192,392,842	36,500,248	214,054,018	24,362,442	442,971,470	78.6	362,386,139	75.6

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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- Government securities						
- Corporate securities	99,813,495	5,206,825	15,121,476	21,176	120,162,972	21.4117,885,441 24.4
Total	292,206,337	41,707,073	229,175,494	45,538	563,134,442	100.0480,271,580100.0

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

Securities	On September 30 - F							
	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
- Financial	12,291,616	1,356,324	2,819,422	29,560,816	46,028,178	48,997,600	(2,969,422)	46,008,192
Financial treasury bills	-	256,853	-	15,253,203	15,510,056	15,509,126	930	11,229,605
National treasury notes	-	40,782	914,435	6,905,228	7,860,445	7,786,441	74,004	7,729,152
Financial bills	-	207,334	365,129	207,597	780,060	779,637	423	993,895
Debentures	48,973	82,226	3,852	917,241	1,052,292	1,167,309	(115,017)	2,221,140
National treasury bills	173,331	54,134	145,466	708,325	1,081,256	1,080,094	1,162	853,965
Brazilian foreign debt securities	-	-	-	425,058	425,058	429,512	(4,454)	11,175
Derivative financial instruments (1) (5)	9,208,881	395,621	647,210	3,047,300	13,299,012	16,182,058	(2,883,046)	16,008,467
Other	2,860,431	319,374	743,330	2,096,864	6,019,999	6,063,423	(43,424)	6,960,793
- Insurance companies and capitalization bonds	3,087,242	28,557	755,908	10,495,747	14,367,454	14,367,454	-	16,222,439
Financial treasury bills	-	19,084	-	9,210,691	9,229,775	9,229,775	-	11,452,085
Financial bills	-	8,666	36,488	65,846	111,000	111,000	-	363,907
Other	3,087,242	807	719,420	1,219,210	5,026,679	5,026,679	-	4,406,447
- Pension plans	2,955,186	1,626,484	1,229,553	183,629,335	189,440,558	189,440,558	-	169,123,911
	-	883,795	-	72,018,447	72,902,242	72,902,242	-	50,807,416

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

Financial treasury bills									
National treasury notes	-	45,085	693,822	27,429,314	28,168,221	28,168,221		-	58,423,094
National treasury bills	36,463	6,257	100,972	74,320,973	74,464,665	74,464,665		-	45,438,325
Financial bills	599,011	193,640	267,436	6,418,138	7,478,225	7,478,225		-	7,361,603
Debentures	60,301	394,852	55,169	3,162,613	3,672,935	3,672,935		-	3,622,369
Other	2,259,411	102,855	112,154	279,850	2,754,270	2,754,270		-	3,471,104
- Other activities	15,740	2,043	-	6,334	24,117	24,118		(1)	170,323
Financial treasury bills	-	2,043	-	6,334	8,377	8,378		(1)	21,052
Other	15,740	-	-	-	15,740	15,740		-	149,271
Total	18,349,784	3,013,408	4,804,883	223,692,232	249,860,307	252,829,730		(2,969,423)	231,524,865
Derivative financial instruments (liabilities)	(5)	(13,880,921)	(698,901)	(384,384)	(758,814)	(15,723,020)	(13,415,185)	(2,307,835)	(14,696,462)

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

Securities (2) (6)	2018				On September 30, 2018				
	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)	Fair/book value (3) (4)
- Financial	15,526,387	36,195,572	47,219,990	84,597,741	183,539,690	185,688,011	(2,148,321)	178,216,000	
National treasury bills	3,077,468	28,820,293	41,123,572	26,387,841	99,409,174	99,032,696	376,478	106,392,622	
Debentures	663,951	541,534	2,199,508	38,385,649	41,790,642	43,427,194	(1,636,552)	37,575,750	
National treasury notes	-	-	2,240,986	7,127,930	9,368,916	9,229,108	139,808	8,499,230	
Foreign corporate securities	627,919	33,115	1,636,071	8,101,689	10,398,794	10,612,851	(214,057)	10,571,580	
Shares	7,265,489	-	-	-	7,265,489	8,107,020	(841,531)	7,505,490	
Foreign government bonds	1,723,553	1,438,454	-	-	3,162,007	3,147,841	14,166	2,221,340	
Promissory Notes	-	4,498,578	-	-	4,498,578	4,479,092	19,486	845,220	
Certificates of real estate receivables	-	6,804	-	801,603	808,407	790,805	17,602	1,088,040	
Other	2,168,007	856,794	19,853	3,793,029	6,837,683	6,861,404	(23,721)	3,516,690	
- Insurance companies and capitalization bonds	1,890,735	171,036	33,404	19,971,153	22,066,328	22,426,954	(360,626)	17,078,280	
National treasury notes	-	-	-	13,203,674	13,203,674	13,769,668	(565,994)	11,324,020	
Shares	1,550,793	-	-	-	1,550,793	1,221,402	329,391	1,534,940	
National treasury bills	-	156,595	33,404	6,551,371	6,741,370	6,867,923	(126,553)	3,740,270	
Other	339,942	14,441	-	216,108	570,491	567,961	2,530	479,040	
- Pension plans	1,127,460	16,260	-	15,645,572	16,789,292	16,249,126	540,166	14,817,000	
National treasury notes	-	-	-	14,486,529	14,486,529	14,060,648	425,881	12,204,440	

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Shares	1,127,460	-	-	-	1,127,460	1,000,559	126,901	1,847,880
Debentures	-	-	-	88,586	88,586	80,967	7,619	95,711
Other	-	16,260	-	1,070,457	1,086,717	1,106,952	(20,235)	668,960
- Other activities	5,436	-	-	15,985	21,421	15,997	5,424	41,140
Other	5,436	-	-	15,985	21,421	15,997	5,424	41,140
Subtotal	18,550,018	36,382,868	47,253,394	120,230,451	222,416,731	224,380,088	(1,963,357)	210,152,430
<i>Accounting</i>								
<i>Hedge (Note 7f)</i>	-	-	-	-	-	-	(408,640)	-
Securities reclassified to "Held-to-maturity securities"	-	-	-	-	-	-	(671,356)	-
Total	18,550,018	36,382,868	47,253,394	120,230,451	222,416,731	224,380,088	(3,043,353)	210,152,430

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

Securities (2) (6)	2018					On September 30 - R\$ thousand				
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Amortized cost (3)	Fair value (4)	Gain (loss) not accounted for	Amortized cost (3)	Gain (loss) not accounted for	
- Financial	-	1,358	32,695	62,604	416	62,638,469	61,856,414	(782,055)	12,300,393	(344,828)
National treasury bills	-	-	-	50,339,565	50,339,565	50,274,744		(64,821)	-	-
Certificates of real estate receivables	-	-	31,513	11,466,609	11,498,122	10,787,068		(711,054)	12,283,476	(345,210)
National treasury notes	-	1,358	1,182	795,323	797,863	791,683		(6,180)	7,452	-
Other	-	-	-	2,919	2,919	2,919		-	9,465	382
- Insurance companies and capitalization bonds	-	-	-	5,273,291	5,273,291	5,411,014		137,723	5,060,850	918,624
National treasury notes	-	-	-	5,273,291	5,273,291	5,411,014		137,723	5,060,850	918,624
- Pension plans	-	-	-	22,945,644	22,945,644	24,521,065		1,575,421	21,233,037	3,545,822
National treasury notes	-	-	-	22,945,644	22,945,644	24,521,065		1,575,421	21,233,037	3,545,822
Total	-	1,358	32,695	90,823,351	90,857,404	91,788,493		931,089	38,594,280	4,119,618

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

Securities	On September 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)
Own portfolio	26,733,638	17,941,334	15,466,708	350,001,600	410,143,280	373,664,449
Fixed income securities	13,110,112	17,941,334	15,466,708	350,001,600	396,519,754	359,730,899
National treasury notes	25,123	74,087	3,032,299	76,533,402	79,664,911	111,294,714
Financial treasury bills	1,722	1,481,177	-	92,840,498	94,323,397	71,640,256
National treasury bills	3,310,026	8,723,261	8,982,578	114,320,021	135,335,886	92,243,397
Debentures	776,445	887,102	1,832,497	39,341,225	42,837,269	43,257,969
Financial bills	599,011	409,641	669,053	6,794,627	8,472,332	8,713,150
Certificates of real estate receivables	-	6,804	31,513	12,482,575	12,520,892	13,561,841
Foreign government bonds	1,732,280	1,438,454	3,861	459,943	3,634,538	2,552,218
Foreign corporate securities	1,311,059	30,337	757,856	4,499,278	6,598,530	6,784,697
Brazilian foreign debt securities	-	-	-	1,521,952	1,521,952	717,903
Promissory Notes	-	4,499,998	33,652	209,189	4,742,839	3,174,645
Bank deposit certificates	191,708	343,005	83,106	11,537	629,356	492,085
Other	5,162,738	47,468	40,293	987,353	6,237,852	5,298,024
Equity securities	13,623,526	-	-	-	13,623,526	13,933,550
Shares of listed companies	1,130,153	-	-	-	1,130,153	1,851,629
Shares of other companies	12,493,373	-	-	-	12,493,373	12,081,921
Restricted securities	732,363	20,797,454	34,580,419	80,713,077	136,823,313	83,807,241
Subject to repurchase agreements	627,788	20,256,665	30,450,592	64,188,164	115,523,209	62,901,746
National treasury bills	-	19,976,400	27,505,801	44,044,290	91,526,491	53,757,059
Foreign corporate securities	627,788	33,115	1,597,245	4,780,840	7,038,988	6,148,043
National treasury notes	-	-	921,515	8,644,368	9,565,883	1,400,654
Brazilian foreign debt securities	-	-	-	524,793	524,793	336,046
Debentures	-	132,317	426,031	3,036,699	3,595,047	-
Financial treasury bills	-	114,833	-	3,157,174	3,272,007	1,259,944
Given in guarantee to the Brazilian Central Bank	-	-	-	-	-	1,767
National treasury bills	-	-	-	-	-	1,767
Privatization rights	-	-	-	40,470	40,470	45,357
Given in guarantee	104,575	540,789	4,129,827	16,484,443	21,259,634	20,858,371

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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National treasury notes	-	13,137	-	13,676,555	13,689,692	11,939,623
National treasury bills	-	74,450	4,129,827	325,226	4,529,503	5,140,596
Financial treasury bills	1,804	453,202	-	2,230,716	2,685,722	3,315,390

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Securities	On September 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	102,771	-	-	251,946	354,717	462,762
Derivative financial instruments (1) (5)	9,433,801	395,621	647,210	3,047,300	13,523,932	16,072,228
Securities sold under repurchase agreements - unrestricted	-	263,225	1,396,635	984,057	2,643,917	6,727,662
National treasury bills	-	263,167	1,396,635	893,037	2,552,839	6,551,873
National treasury notes	-	-	-	91,020	91,020	175,789
Financial treasury bills	-	58	-	-	58	-
Total	36,899,802	39,397,634	52,090,972	434,746,034	563,134,442	480,271,580
%	6.6	7.0	9.2	77.2	100.0	100.0

(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. In the third quarter of 2018 and 2017 there were no sales or reclassifications of securities classified in this category;

(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 nine months ended September 30, 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\$ 737,123 thousand (R\$ 1,766,590 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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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**

	On September 30 - R\$ thousand			
	2018		2017	
	Nominal value	Net amount value	Nominal value	Net amount value
Futures contracts				
Purchase commitments:	216,106,636		136,897,679	
- Interbank market	149,425,673	19,295,271	92,455,596	-
- Foreign currency	66,287,947	-	44,407,820	-
- Other	393,016	26,404	34,263	-
Sale commitments:	206,771,228		176,811,694	
- Interbank market (1)	130,130,402	-	112,311,374	19,855,778
- Foreign currency (2)	76,274,214	9,986,267	63,423,547	19,015,727
- Other	366,612	-	1,076,773	1,042,510
Option contracts				
Purchase commitments:	126,030,616		24,714,610	
- Interbank market	106,499,255	-	17,715,758	-
- Foreign currency	18,431,801	3,530,921	6,380,549	-
- Other	1,099,560	213,322	618,303	75,844
Sale commitments:	165,585,203		35,526,936	
- Interbank market	149,798,085	43,298,830	19,021,101	1,305,343
- Foreign currency	14,900,880	-	15,963,376	9,582,827
- Other	886,238	-	542,459	-
Forward contracts				
Purchase commitments:	15,142,617		10,514,802	
- Foreign currency	13,667,994	-	10,229,820	-
- Other	1,474,623	940,596	284,982	-
Sale commitments:	19,464,994		14,750,596	
- Foreign currency (2)	18,930,967	5,262,973	13,928,597	3,698,777
- Other	534,027	-	821,999	537,017
Swap contracts				
Assets (long position):	74,957,199		68,484,415	
- Interbank market	5,830,727	3,189,953	10,032,621	6,613,940
- Fixed rate	50,497,772	24,891,174	48,831,223	21,265,607
- Foreign currency	17,031,658	-	7,977,308	1,460,705

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (retained earnings), that

- IGPM	749,766	-	692,450	-
- Other	847,276	-	950,813	-
Liabilities (unrestricted position):	57,315,091		41,245,199	
- Interbank market	2,640,774	-	3,418,681	-
- Fixed rate	25,606,598	-	27,565,616	-
- Foreign currency	25,962,453	8,930,795	6,516,603	-
- IGPM	766,000	16,234	808,000	115,550
- Other	2,339,266	1,491,990	2,936,299	1,985,486

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting hedges to protect CDI-related funding totaling R\$ 4,825,810 thousand (R\$ 6,646,749 in 2017); and (ii) accounting hedges to protect interbank investments, in the amount of R\$ 9,631,686 thousand (R\$ 16,799,041 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\$ 60,932,586 thousand (R\$ 46,971,885 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 September 30 - R\$ thousand 2017		
	Original amortized cost	Mark-to-market adjustment	Fair value	Original amortized cost	Mark-to-market adjustment	Fair value
Adjustment receivable - swaps	12,704,209	(3,219,854)	9,484,355	19,267,953	(4,953,981)	14,313,972
Adjustment receivable - future	204,030	-	204,030	13,206	-	13,206
Receivable forward purchases	1,747,227	-	1,747,227	102,070	-	102,070
Receivable forward sales (1)	345,783	-	345,783	1,134,056	-	1,134,056
Premiums on exercisable options	1,405,729	336,808	1,742,537	537,960	(29,036)	508,924
Total assets (A)	16,406,978	(2,883,046)	13,523,932	21,055,245	(4,983,017)	16,072,228
Adjustment payables - swaps	(10,032,949)	(2,012,522)	(12,045,471)	(8,931,435)	(4,209,766)	(13,141,201)
Adjustment payables - future	(17,975)	-	(17,975)	(115,563)	-	(115,563)
Payable forward purchases	(919,062)	-	(919,062)	(593,386)	-	(593,386)
Payable forward sales	(863,683)	-	(863,683)	(473,011)	-	(473,011)
Premiums on written options	(1,581,516)	(295,313)	(1,876,829)	(401,177)	27,876	(373,301)
Total liabilities (B)	(13,415,185)	(2,307,835)	(15,723,020)	(10,514,572)	(4,181,890)	(14,696,462)
Net Effect (A-B)	2,991,793	(5,190,881)	(2,199,088)	10,540,673	(9,164,907)	1,375,766

(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 September 30 - R\$ thousand					
	1 to 90	91 to 180	181 to 360	More than	2018	2017
	days	days	days	360		
	days	days	days	days		
Futures contracts (1)	84,565,317	117,076,271	28,485,327	192,750,949	422,877,864	313,709,373
Option contracts	230,969,721	8,219,168	37,998,725	14,428,205	291,615,819	60,241,546
Forward contracts (1)	19,906,085	4,872,580	7,597,973	2,230,973	34,607,611	25,265,398
Swap contracts	9,586,279	8,506,769	37,256,045	76,923,197	132,272,290	109,729,614
Total in 2018	345,027,402	138,674,788	111,338,070	286,333,324	881,373,584	
Total in 2017	122,615,749	97,002,590	44,462,335	244,865,257		508,945,931

(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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	On September 30 - R\$ thousand	
	2018	2017
Government securities		
National treasury bills	2,529,569	3,515,144
National treasury notes	5,241,496	4,432,180
Total	7,771,065	7,947,324

V) Revenues and expenses, net

	In the nine month period ended September 30 - R\$ thousand	
	2018	2017
Swap contracts	(2,335,832)	704,774
Forward contracts (1)	(70,459)	(586,370)
Option contracts	(117,891)	(19,752)
Futures contracts (1)	(5,879,120)	(518,168)
Foreign exchange variation of assets and liabilities overseas	5,127,002	(542,617)
Total (Note 7g)	(3,276,300)	(962,133)

(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 September 30 - R\$ thousand

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

	2018	2017
B3 (stock exchange)	654,235,052	324,806,799
B3 (over-the-counter)	176,879,550	144,380,596
Overseas (stock exchange) (1)	42,070,998	35,398,720
Overseas (over-the-counter) (1)	8,187,984	4,359,816
Total	881,373,584	508,945,931

(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 September 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\$ 781,521 thousand (R\$ 326,510 thousand in 2017) and “bonds of the Brazilian public debt” in the amount of R\$ 881,155 thousand (R\$ 586,080 thousand in 2017); and the risk transferred in credit swaps whose underlying assets are Brazilian public debt”, was R\$ (380,371) thousand (R\$ (47,520) thousand in 2017), and “foreign public debt derivatives” was R\$ (40,039) thousand (R\$ (205,920) thousand in 2017), amounting to a total net credit risk value of R\$ 1,242,266 thousand (R\$ 659,150 thousand in 2017), with an effect on the calculation of required shareholders’ equity of R\$ 83,765 thousand (R\$ 22,958 thousand in 2017). 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\$ (25,258) thousand (R\$ (3,275) thousand in 2017). 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 September 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 September 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)	9,631,686	9,099,199	10,510	6,306
Hedge of interest payments on funding (2)	4,825,810	4,716,211	(34,970)	(20,982)
Total in 2018	14,457,496	13,815,410	(24,460)	(14,676)
*				
Hedge of interest receipts from investments in securities (1)	16,799,041	16,011,629	89,714	53,828
Hedge of interest payments on funding (2)	6,646,749	6,548,823	(108,980)	(65,388)
Total in 2017	23,445,790	22,560,452	(19,266)	(11,560)

(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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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\$ (21,291) thousand.

The gains/(losses) related to the cash flow hedge recorded in the income statements in the nine months period ended on September 30, 2018 were R\$ 15,102 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 September 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)	1,569,491	820,433	(384,180)	(230,508)
Total in 2018	1,569,491	820,433	(384,180)	(230,508)
Hedge of exchange variation on future cash flows (1)	1,129,082	649,573	(98,474)	(59,084)
Total in 2017	1,129,082	649,573	(98,474)	(59,084)

(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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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\$ 560 thousand.

Gains/(losses) related to the hedge of investments abroad recorded in income accounts in the nine months period ended on September 30, 2018 were R\$ (10,585) thousand.

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

	In the nine month period ended September 30 - R\$ thousand	
	2018	2017
Fixed income securities (1)	16,141,870	16,974,908
Interbank investments (Note 6b)	7,619,593	14,838,559
Equity securities	111,088	1,005,913
Subtotal	23,872,551	32,819,380
Income from insurance, pension plans and capitalization bonds (2)	14,232,210	23,403,856
Income from derivative financial instruments (Note 7d V)	(3,276,300)	(962,133)
Total	34,828,461	55,261,103

(1) In the nine months period ended on september 30, 2018, there were losses due to impairment of financial assets (mostly debentures), net of reversals, in the amount of R\$ 735,655 thousand (R\$ 1,766,590 thousand in 2017); and

(2) In the nine months period ended on september 30, 2018, there were losses due to impairment of shares in the amount of R\$ 1,468 thousand.

8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

a) Reserve requirement

		On September 30 - R\$ thousand	
		2018	2017
	Remuneration		
Compulsory deposit – demand deposits	not remunerated	7,085,025	6,248,408
Compulsory deposit – savings deposits	savings index	21,152,410	23,957,257
Compulsory deposit – time deposits	Selic rate	51,987,411	38,923,056
Requirement rural loans funds	not remunerated	-	46,225
Reserve requirement – SFH	TR + interest rate	1,269,268	832,037
Total		81,494,114	70,006,983

For more information on compulsory deposits see Note 34.

b) Revenue from reserve requirement

		In the nine month period ended September 30 - R\$ thousand	
		2018	2017
Reserve requirement – Bacen (Compulsory deposit)		2,817,065	3,893,085
Reserve requirement – SFH		36,959	40,092
Total		2,854,024	3,933,177

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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						Total in	% (4)	Tot
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 360	More than	2018 (A)	201	
	days	days	days	days	days	360			
						days			
Discounted trade receivables and loans (1)	18,829,391	13,037,669	11,500,927	19,497,707	26,145,129	78,225,462	167,236,285	37.2	148,4
Financing Agricultural and agribusiness loans	4,432,189	3,875,320	4,911,830	11,778,697	15,440,048	91,163,616	131,601,700	29.3	126,5
Subtotal	25,451,719	18,094,023	17,608,139	33,642,490	47,124,739	177,443,890	319,365,000	71.1	1294,9
Leases	96,885	84,073	84,382	230,437	370,809	1,036,806	1,903,392	0.4	2,1
Advances on foreign exchange contracts (2)	2,046,827	1,585,261	1,441,884	4,467,668	4,242,749	65,079	13,849,468	3.1	9,9
Subtotal	27,595,431	19,763,357	19,134,405	38,340,595	51,738,297	178,545,775	335,117,860	74.6	307,0
Other receivables (3)	18,257,432	6,295,142	3,432,931	6,002,391	2,884,653	569,505	37,442,054	8.3	30,7
Total loans	45,852,863	26,058,499	22,567,336	44,342,986	54,622,950	179,115,280	372,559,914	82.9	337,7
Acquisition of credit card receivables	1,471,804	720,145	462,929	972,276	493,638	-	4,120,792	0.9	1,1
Subtotal	47,324,667	26,778,644	23,030,265	45,315,262	55,116,588	179,115,280	376,680,706	83.8	338,9
Sureties and guarantees	2,575,249	511,711	916,911	6,519,988	11,803,904	49,133,776	71,461,539	15.9	72,5
Loan assignment - real estate receivables	31,643	31,642	31,641	91,063	135,902	456,913	778,804	0.2	9

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

certificate										
Guarantee given on rural loans assigned	-	-	-	-	-	76,813	76,813	-		
Letters of credit for imports	140,427	126,842	44,917	92,223	32,444	-	436,853	0.1	2	
Confirmed exports loans	1,424	146	-	20,000	45,696	-	67,266	-		
Total - Off-balance-sheet accounts	2,748,743	670,341	993,469	6,723,274	12,017,946	49,667,502	72,821,275	16.2	73.8	
Total in 2018	50,073,410	27,448,985	24,023,734	52,038,536	67,134,534	228,782,782	449,501,981	100.0		
Total in 2017	41,854,855	28,040,188	23,281,820	46,282,065	66,518,204	206,898,080				412.8

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Notes to the Consolidated Financial Statements

On September 30 - R\$ thousand									
	Non-performing loans					Total in 2018 (B)	% (4)	Total in 2017 (B)	% (4)
	Past-due installments								
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days				
Discounted trade receivables and loans (1)	1,022,234	1,328,453	866,283	2,508,259	3,384,339	9,109,568	83.3	11,376,560	84.3
Financing	264,118	225,531	132,871	284,562	246,018	1,153,100	10.5	1,111,841	8.2
Agricultural and agribusiness loans	26,947	44,149	110,690	43,054	49,793	274,633	2.5	365,979	2.7
Subtotal	1,313,299	1,598,133	1,109,844	2,835,875	3,680,150	10,537,301	96.3	12,854,380	95.2
Leases	3,762	3,348	2,481	3,339	3,009	15,939	0.1	31,314	0.2
Advances on foreign exchange contracts (2)	16,276	6,321	85,918	21,202	11,520	141,237	1.3	109,527	0.8
Subtotal	1,333,337	1,607,802	1,198,243	2,860,416	3,694,679	10,694,477	97.7	12,995,221	96.2
Other receivables (3)	31,478	56,721	24,466	74,298	62,183	249,146	2.3	514,855	3.8
Total in 2018	1,364,815	1,664,523	1,222,709	2,934,714	3,756,862	10,943,623	100.0		
Total in 2017	2,644,476	1,520,484	1,195,907	3,457,234	4,691,975			13,510,076	100.0

On September 30 - R\$ thousand										
	Non-performing loans					Total in 2018 (C)	% (4)	Total in 2017 (C)	% (4)	
	Installments not yet due									
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days				
Discounted trade receivables and loans (1)	600,310	502,034	443,801	1,111,493	1,672,720	4,235,252	8,565,610	58.1	11,505,593	67.6
Financing	218,869	185,279	184,791	527,146	810,531	3,692,589	5,619,205	38.1	5,115,025	30.0
Agricultural and agribusiness loans	58,336	16,189	18,285	26,708	65,939	139,683	325,140	2.2	252,531	1.5
Subtotal	877,515	703,502	646,877	1,665,347	2,549,190	8,067,524	14,509,955	98.4	16,873,149	99.1

Basel Ratio The improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Leases	3,612	3,429	3,433	9,921	15,042	40,653	76,090	0.5	107,012	0.6
Subtotal	881,127	706,931	650,310	1,675,268	2,564,232	8,108,177	14,586,045	98.9	16,980,161	99.7
Other receivables (3)	5,987	5,038	5,047	13,019	19,633	109,557	158,281	1.1	46,664	0.3
Total in 2018	887,114	711,969	655,357	1,688,287	2,583,865	8,217,734	14,744,326	100.0		
Total in 2017	990,539	808,630	837,827	1,918,308	3,365,019	9,106,502			17,026,825	100.0

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Notes to the Consolidated Financial Statements

	On September 30 - R\$ thousand			
	Total in 2018	% (4)	Total in 2017	% (4)
	(A+B+C)		(A+B+C)	
Discounted trade receivables and loans (1)	184,911,463	38.9	171,331,323	38.5
Financing	138,374,005	29.1	132,756,628	29.9
Agricultural and agribusiness loans	21,126,788	4.5	20,629,065	4.7
Subtotal	344,412,256	72.5	324,717,016	73.1
Leases	1,995,421	0.4	2,266,056	0.5
Advances on foreign exchange contracts (2) (Note 10a)	13,990,705	2.9	10,023,605	2.3
Subtotal	360,398,382	75.8	337,006,677	75.9
Other receivables (3)	37,849,481	8.0	31,315,185	7.1
Total loans	398,247,863	83.8	368,321,862	83.0
Acquisition of credit card receivables	4,120,792	0.9	1,190,302	0.3
Subtotal	402,368,655	84.7	369,512,164	83.3
Sureties and guarantees	71,461,539	15.0	72,511,278	16.4
Loan assignment - real estate receivables certificate	778,804	0.2	935,452	0.2
Guarantee given on rural loans assigned	76,813	-	87,964	-
Letters of credit for imports	436,853	0.1	287,327	0.1
Confirmed exports loans	67,266	-	77,928	-
Total - Off-balance-sheet accounts	72,821,275	15.3	73,899,949	16.7
Total in 2018	475,189,930	100.0		
Total in 2017			443,412,113	100.0

(1) Including credit card loans of R\$ 13,444,351 thousand (R\$ 15,805,281 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\$ 26,457,483 thousand (R\$ 24,133,529 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, co-obligations in the transfer of rural credit, credits opened for importation and confirmed export credits.

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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	24,697,247	83,476,932	15,561,917	28,417,795	7,359,664	5,612,569	3,362,071	2,470,662	13,952,600
Financing Agricultural and agribusiness loans	81,615,774	24,290,560	14,319,785	10,164,210	1,701,972	1,969,193	616,108	731,112	2,965,290
Subtotal	111,831,206	112,760,212	37,055,906	41,297,528	9,500,600	7,673,343	4,010,170	3,225,520	17,057,770
Leases	307,412	325,605	1,197,486	32,764	66,509	4,232	7,283	2,529	51,600
Advances on foreign exchange contracts (2)	5,380,073	2,849,635	3,225,159	1,940,809	28,785	319,080	6,164	83,291	157,700
Subtotal	117,518,691	115,935,452	41,478,551	43,271,101	9,595,894	7,996,655	4,023,617	3,311,340	17,267,080
Other receivables	9,027,913	19,876,987	3,696,352	4,170,970	222,973	125,450	48,091	58,477	622,260
Total in 2018	126,546,604	135,812,439	45,174,903	47,442,071	9,818,867	8,122,105	4,071,708	3,369,817	17,889,340
%	31.8	34.1	11.3	11.9	2.5	2.0	1.0	0.9	4.1
Total in 2017	115,572,463	122,146,660	42,371,217	41,992,118	12,289,611	6,976,988	4,259,371	2,979,813	19,733,620
%	31.3	33.2	11.5	11.4	3.3	1.9	1.2	0.8	5.1

(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.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that

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Notes to the Consolidated Financial Statements**c) Maturity ranges and levels of risk**

	Levels of risk								On September 30 - F		
	Non-performing loans								Total in	% (1)	Total
	AAA	B	C	D	E	F	G	H	2018		20
Installments not yet due	- -	1,143,989	2,894,369	1,687,548	1,534,063	1,241,626	1,201,300	5,041,431	14,744,326	100.0	17,02
1 to 30	- -	139,711	187,873	102,330	69,439	60,445	52,141	275,175	887,114	6.0	99
31 to 60	- -	107,895	148,242	74,954	56,518	50,548	48,777	225,035	711,969	4.8	80
61 to 90	- -	89,353	124,322	72,331	57,606	50,925	41,512	219,308	655,357	4.5	83
91 to 180	- -	158,893	321,942	197,283	150,884	140,261	108,075	610,949	1,688,287	11.5	1,9
181 to 360	- -	219,882	463,726	315,197	237,251	231,404	179,239	937,166	2,583,865	17.5	3,36
More than 360	- -	428,255	1,648,264	925,453	962,365	708,043	771,556	2,773,798	8,217,734	55.7	9,10
Past-due installments (2)	- -	405,919	858,184	835,415	771,056	1,090,398	1,191,753	5,790,898	10,943,623	100.0	13,5
1 to 14	- -	11,271	89,150	41,172	23,023	23,955	59,417	138,101	386,089	3.5	1,32
15 to 30	- -	386,715	210,193	83,364	39,873	33,462	26,024	199,095	978,726	9.0	1,3
31 to 60	- -	7,933	540,929	178,541	87,518	67,719	297,844	484,039	1,664,523	15.2	1,52
61 to 90	- -	-	12,664	510,119	119,002	83,097	198,558	299,269	1,222,709	11.2	1,19
91 to 180	- -	-	5,248	22,219	486,673	853,704	574,868	992,002	2,934,714	26.8	3,44
181 to 360	- -	-	-	-	14,967	28,461	35,042	3,634,612	3,713,082	33.9	4,56
More than 360	- -	-	-	-	-	-	-	43,780	43,780	0.4	1
Subtotal	- -	1,549,908	3,752,553	2,522,963	2,305,119	2,332,024	2,393,053	10,832,329	25,687,949		30,5
Specific provision	- -	15,499	112,576	252,297	691,536	1,166,012	1,675,137	10,832,329	14,745,386		17,2

(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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Notes to the Consolidated Financial Statements

	Levels of risk Performing loans								
	AA	A	B	C	D	E	F	G	H
Installments not yet due	126,546,604	135,812,439	43,624,995	43,689,518	7,295,904	5,816,986	1,739,684	976,764	7,057,020
1 to 30	11,266,242	20,879,547	4,640,194	6,527,777	811,534	647,025	98,076	350,087	632,381
31 to 60	7,056,955	9,739,881	2,982,098	3,734,154	313,456	1,891,541	39,422	33,100	267,892
61 to 90	6,444,890	9,230,049	2,750,681	3,397,884	311,221	120,651	39,575	42,081	230,304
91 to 180	13,477,886	15,755,548	6,313,026	6,985,533	560,369	614,223	96,581	80,106	459,714
181 to 360	16,111,863	21,515,020	7,051,031	7,412,614	660,233	442,295	201,824	151,771	1,076,299
More than 360	72,188,768	58,692,394	19,887,965	15,631,556	4,639,091	2,101,251	1,264,206	319,619	4,390,430
Generic provision	-	679,062	436,250	1,310,686	729,590	1,745,095	869,842	683,735	7,057,020
Total in 2018	126,546,604	135,812,439	45,174,903	47,442,071	9,818,867	8,122,105	4,071,708	3,369,817	17,889,349
Existing provision	-	770,957	490,886	1,557,111	1,512,630	5,649,952	3,932,524	3,344,259	17,889,349
Minimum required provision	-	679,062	451,749						