BANK BRADESCO
Form 20-F
April 30, 2018

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

This annual report translates certain real amounts into U.S. dollars solely for the convenience of the reader. Unless otherwise noted in this annual report, all such real amounts have been translated at the rate of R$3.3238 per US$1.00, which was the Central Bank rate published on March 29, 2018. Such conversion should not be construed as a representation that the real amounts correspond to, or have been or could be converted into, U.S. dollars at that rate or any other rate.

FORWARD LOOKING STATEMENTS

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

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

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

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

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

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PART I

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

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

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

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

Selected Financial Data

Year ended December 31,	US$ in thousands (1)	R$ in thousands				
2017	2017	2016	2015	2014	2013	
Data from the Consolidated Statement of Income						
Interest and similar income	37,978,316	126,232,328	147,700,375	127,048,252	103,893,096	90,682,625
Interest and similar expenses	(22,741,866)	(75,589,415)	(91,037,386)	(71,412,210)	(53,847,329)	(41,382,142)
Net interest income	**15,236,450**	**50,642,913**	**56,662,989**	**55,636,042**	**50,045,767**	**49,300,483**
Fee and commission income	6,844,223	22,748,828	20,341,087	17,856,873	16,759,980	14,535,723
Fee and commission expenses	-	-	(36)	(36,203)	(20,724)	(36,041)
Net fee and commission income	**6,844,223**	**22,748,828**	**20,341,051**	**17,820,670**	**16,739,256**	**14,499,682**
Net gains/(losses) on financial instruments classified as held for trading	2,895,213	9,623,108	16,402,770	(8,252,055)	(1,933,003)	(5,790,089)
Net gains/(losses) on financial instruments classified as available for sale	171,598	570,358	(1,341,400)	(671,810)	(991,894)	(6,100,782)
Losses on investments held-to-maturity	(16,403)	(54,520)	-	-	-	-
Net gains/(losses) on foreign currency transactions	428,111	1,422,957	150,757	(3,523,095)	(1,244,680)	(1,093,597)
Net income from insurance and pension plans	1,877,366	6,239,990	4,155,763	5,497,505	5,411,845	6,933,680
Impairment of loans and advances	(5,072,759)	(16,860,835)	(15,350,278)	(14,721,152)	(10,291,386)	(9,623,870)
Personnel expenses	(6,234,811)	(20,723,265)	(17,003,783)	(14,058,047)	(13,667,639)	(12,354,418)
Other administrative expenses	(5,079,265)	(16,882,461)	(16,149,563)	(13,721,970)	(12,971,521)	(12,151,537)
Depreciation and amortization	(1,374,501)	(4,568,568)	(3,658,413)	(2,942,003)	(2,932,687)	(2,740,830)
Other operating income/(expenses)	(3,048,726)	(10,133,357)	(14,004,162)	(12,988,553)	(10,223,083)	(7,622,240)
Income before income taxes and share of profit of associates and joint ventures	**6,626,496**	**22,025,148**	**30,205,731**	**8,075,532**	**17,940,975**	**13,256,482**
Share of profit of associates and joint ventures	517,002	1,718,411	1,699,725	1,528,051	1,389,816	1,062,687
Income before income taxes	**7,143,498**	**23,743,559**	**31,905,456**	**9,603,583**	**19,330,791**	**14,319,169**
Income tax and social contribution	(1,934,219)	(6,428,956)	(13,912,730)	8,634,322	(3,914,313)	(1,833,031)
Net income for the year	**5,209,279**	**17,314,603**	**17,992,726**	**18,237,905**	**15,416,478**	**12,486,138**
Attributable to shareholders						

Controlling shareholders	5,141,514	17,089,364	17,894,249	18,132,906	15,314,943	12,395,920
Non-controlling interest	67,766	225,239	98,477	104,999	101,535	90,218

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at an exchange rate of R$3.3238 per US$1.00, the Central Bank exchange rate on March 29, 2018. Such translations should not be construed as a representation that the Brazilian *real* amounts presented were or could be converted into U.S. dollars at that rate.

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3.A. Selected Financial Data
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Year ended December 31,	R$, except for number of shares 2017	2016	2015	2014
Data on Earnings and Dividends per Share (1)				
Earnings per share (2)				
Common	2.67	2.80	2.84	2.39
Preferred	2.94	3.08	3.12	2.64
Dividends/interest on equity per share (3)				
Common	1.13	1.09	0.95	0.79
Preferred	1.24	1.20	1.04	0.86
Weighted average number of outstanding shares (1)				
Common	3,049,448,563	3,049,448,563	3,050,040,493	3,050,272,329
Preferred	3,035,625,047	3,035,625,047	3,035,625,047	3,041,434,763

(1) Adjusted for corporate events occurred in the periods. For more information about the company events, see "Iten and Listing Details;"
(2) None of our outstanding liabilities are exchangeable for or convertible into equity securities. Therefore, our dilute share do not differ from our earnings per share. Accordingly, our basic and diluted earnings per share are equal in a presented; and
(3) Holders of preferred shares are entitled to receive dividends per share in an amount 10.0% greater than the divic share paid to common shareholders. For purposes of calculating earnings per share according to IFRS, we used th criteria adopted for dividends per share. For a description of our two classes of shares. see "Item 10.B. Memorandu of Association."

Year ended December 31,	In US$ 2017	2016	2015	2014	2013
Dividends/interest on equity per share (1)					
Common	0.34	0.37	0.27	0.33	0.30
Preferred	0.38	0.41	0.29	0.36	0.33

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at the exchange rate disclosed by the Central Bank at the end of each fiscal year.

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3.A. Selected Financial Data
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As of December 31,	US$ in thousands (1)		R$ in th
	2017	**2017**	**2016**
Data from the Consolidated Statement of Financial Position			
Assets			
Cash and cash equivalents	24,593,222	81,742,951	72,554,651
Financial assets held for trading	72,720,994	241,710,041	213,139,846
Financial assets available for sale	47,960,985	159,412,722	113,118,554
Investments held to maturity	11,735,399	39,006,118	43,002,028
Financial assets pledged as collateral	55,350,855	183,975,173	155,286,577
Loans and advances to banks, net of impairment	9,702,065	32,247,724	94,838,136
Loans and advances to customers, net of impairment	104,325,801	346,758,099	367,303,034
Non-current assets held for sale	457,601	1,520,973	1,578,966
Investments in associates and joint ventures	2,484,320	8,257,384	7,002,778
Premises and equipment	2,536,998	8,432,475	8,397,116
Intangible assets and goodwill, net of accumulated amortization	4,867,714	16,179,307	15,797,526
Taxes to be offset	3,166,428	10,524,575	7,723,211
Deferred income tax assets	13,157,203	43,731,911	45,116,863
Other assets	15,299,954	50,853,987	47,170,370
Total assets	**368,359,540**	**1,224,353,440**	**1,192,029,656**
Liabilities			
Deposits from banks	86,033,296	285,957,468	301,662,682
Deposits from customers	78,827,982	262,008,445	232,747,929
Financial liabilities held for trading	4,294,783	14,274,999	13,435,678
Funds from issuance of securities	40,668,539	135,174,090	151,101,938
Subordinated debt	15,096,998	50,179,401	52,611,064
Technical provisions for insurance and pension plans	71,932,604	239,089,590	215,840,000
Other reserves	5,563,129	18,490,727	18,292,409
Current income tax liabilities	726,983	2,416,345	2,130,286
Deferred income tax assets	376,631	1,251,847	1,762,948
Other liabilities	29,429,215	97,816,824	96,965,515
Total liabilities	**332,950,158**	**1,106,659,736**	**1,086,550,449**
Shareholders' equity			
Capital	17,780,853	59,100,000	51,100,000
Treasury shares	(132,533)	(440,514)	(440,514)
Capital reserves	10,823	35,973	35,973
Profit reserves	14,886,945	49,481,227	50,027,816
Additional paid-in capital	21,209	70,496	70,496
Other comprehensive income	546,862	1,817,659	(398,708)
Retained earnings	2,208,012	7,338,990	4,907,381

Equity attributable to controlling shareholders	**35,322,171**	**117,403,831**	**105,302,444**	
Non-controlling interest	**87,211**	**289,873**	**176,763**	
Total equity	**35,409,382**	**117,693,704**	**105,479,207**	
Total liabilities and equity	**368,359,540**	**1,224,353,440**	**1,192,029,656**	**1,(**

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at an exchange rate of R$3.3238 per US rate on March 29, 2018. Such translations should not be construed as a representation that the Brazilian *real* amou converted into U.S. dollars at that rate.

Exchange Rate Information

Over the past years, the exchange rate between the *real* and the U.S. dollar has experienced significant variation:

In 2013, the *real* depreciated 14.6% against the U.S. dollar, reaching R$2.3426 as of December 31, 2013.
In 2014, the *real* depreciated 13.4% against the U.S. dollar, reaching R$2.6562 as of December 31, 2014.
In 2015, the *real* depreciated 47.0% against the U.S. dollar, reaching R$3.9048 as of December 31, 2015.
In 2016, the *real* appreciated 16.5% against the U.S. dollar, reaching R$3.2591 as of December 31, 2016.
In 2017, the *real* depreciated 1.5% against the U.S. dollar, reaching R$3.3080 as of December 31, 2017.

On March 29, 2018, the exchange rate was R$3.3238 per US$1.00, a depreciation of 0.5% of the *real* against the U.S. dollar, when compared to December 31, 2017. Under the current floating exchange-rate system, the *real* may be subject to fluctuations and depreciation or appreciation against the U.S. dollar and other currencies.

The following table sets forth the period end, average and high and low selling rates reported by the Central Bank at closing, for the periods and dates indicated:

Period	Period-End	2017 Average (1)	High (1)	Low (1)
2013	2.3426	2.1641	2.3725	1.9754
2014	2.6562	2.3586	2.6562	2.2025
2015	3.9048	3.3314	3.9729	2.6562
2016	3.2591	3.4849	4.0428	3.1811
2017				
October	3.2769	3.1933	3.3082	3.0993
November	3.2616	3.1990	3.3082	3.0993
December	3.3080	3.2074	3.3082	3.0993
2018				
January	3.1624	3.2352	3.3080	3.1624
February	3.2449	3.2384	3.3080	3.1624
March	3.3238	3.2598	3.3238	3.1624

(1) Average, high and low month end rates from December of the previous period.
Source: Central Bank.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Macroeconomic risks

The current weakness in Brazilian macroeconomic conditions and the market perception of certain economic and political risks alongside uncertainties relating to Brazil, including high-profile anti-corruption investigations, may have a material adverse effect on our financial condition and on

the results of operations.

The vast majority of our operations are conducted in Brazil and, accordingly, our results are significantly impacted by macroeconomic conditions in Brazil. The reorientation of the Brazilian economic policy, initiated in 2016, enabled the advancement of measures aimed at minimizing imbalances and raising the potential for growth. The anchoring of inflation expectations allowed the Central Bank to reduce the basic interest rate to the lowest level in history. From the fiscal perspective, despite advancements such as the approval of the Long Term Index (*Taxa de Longo Prazo*) or (“TLP”) and the recovery of revenues, concern regarding sustainability of Brazil’s national debt remained present, especially in light of the lack of progress in relation to pension reform.

The executive branch of the Brazilian government (or Federal Government) sought a vote on pension reform by Congress during the first half of 2018, which could only be achieved through an amendment to the Brazilian Federal Constitution (the "Brazilian Constitution"). However, due to the upcoming presidential, governors, senators and congressman elections in October 2018 and other political matters, the pension reform voting was postponed until after the elections or in 2019.

On February 16, 2018, President Michel Temer, by means of Decree No. 9,288/18 approved by the National Congress, determined a federal intervention in the State of Rio de Janeiro until December 31, 2018. The Brazilian Constitution cannot be amended during a federal intervention, pursuant to article 60, paragraph 1. On this basis, we believe that pension reform can only be voted on in 2019. However, it is important to highlight that, in accordance with the Brazilian Constitution, the intervention period may be reduced if the reasons for the intervention cease.

If pension reform is not voted by the end of 2018, we cannot predict if this will be pursued by the next president.

In 2014, the Brazilian Federal Police and the Prosecution Office commenced a series of anti-corruption investigations called "Operation Car Wash" ("*Operação Lava Jato*") in which, among other matters, certain officers and employees of Petróleo Brasileiro S.A. ("Petrobras"), a Brazilian state-controlled company, were accused of accepting illegal payments in order to wrongly influence commercial decisions of Petrobras. During the course of 2014, 2015 and 2016, these anti-corruption investigations have expanded and have given rise to various criminal proceedings involving not only senior officers and employees of Petrobras but also senior officers of companies in Brazil, notably in the construction sector and some politicians. In the U.S., the SEC and the Department of Justice are also conducting their own investigations into a number of these allegations. The high-profile nature of these investigations may have momentarily harmed the reputation of Brazil, which could reduce investor confidence, making it more difficult for companies located in Brazil to obtain funding. We cannot predict how long the anti-corruption investigations will continue, or how significant the effects of the anti-corruption investigations may be for the Brazilian economy. If uncertainty surrounding the Brazilian economy continues, or if there is a material reduction in investor confidence as a result of these investigations, the results of our operations may be adversely affected.

In addition, our subsidiary Banco Bradesco BBI S.A. (“Bradesco BBI”) is a party to certain legal and administrative proceedings filed against Petrobras and other defendants, due to its role as underwriter in a note offering of Petrobras. An agreement in principle was reached to settle those proceedings in January 2018, though it must be ratified by a judge before coming into effect. We or our subsidiaries may become a party to other legal and/or administrative proceedings against Petrobras or other companies which have not yet been filed. A negative outcome of these ongoing legal proceedings or any new legal proceedings may harm our reputation and may adversely affect our financial condition and our results of operations.

On December 2, 2015, the Brazilian House of Representatives opened impeachment proceedings against the then-President Dilma Rousseff, alleging non-compliance with the fiscal responsibility law. The Brazilian House of Representatives and the Brazilian Senate voted in favor of the admissibility of the impeachment proceedings on April 17, 2016 and on May 12, 2016, respectively. Due to the favorable vote of the Senate, President Rousseff was removed from the presidency for up to 180 days to defend herself in her impeachment trial. During the 180-day trial period, the Vice-President of Brazil acted as President. On August 10, 2016, the Brazilian Senate approved the report of its special impeachment committee which recommended that President Dilma Rousseff should be brought to trial by the upper house of the Brazilian legislature. On August 31, 2016, President Dilma Rousseff was found guilty, losing her mandate, and Vice-President Michel Temer took office for the remainder of the term until January 1, 2019. However, the resolution of the political and economic crisis in Brazil still depends on the outcome of the “Lava Jato” investigation and on the approval of reforms that are being promoted by the new President. Further, the initial mandate by Dilma Rousseff and Michel Temer following the general election in 2014 was under review by the Superior Election Tribunal (*Tribunal Superior Eleitoral*), but the charges against Michel Temer were dismissed. In May 2017, the Brazilian media revealed new allegations of corruption involving businessmen and certain high-profile political figures, including President Temer, which had a significant effect on the stock market and the value of the real. The Attorney-General presented two accusations against Mr. Temer before the Brazilian Supreme Court (*Supremo Tribunal Federal*), or ("STF"), on June 26, 2017 and on September 15, 2017, respectively. The Brazilian House of Representatives voted against the admissibility of both charges, on August 2, 2017 and on October 25, 2017, respectively. Approval of the Brazilian House of Representatives is a necessary requirement for the STF to judge a Brazilian President during his term in office. Any further allegations involving the President are yet to be confirmed through judicial and official investigations, however, they could lead to uncertainty regarding the possibility of Michel Temer facing judicial actions and/or an impeachment process. For instance, on February 27, 2018, the STF authorized an extension for 60 days of the investigation into whether Michel Temer accepted bribes to benefit companies in the Port of Santos, and on March 5, 2018 it authorized the disclosure of the President's banking information. The progress of this investigation and the possibility of new accusations may significantly change the Brazilian political climate.

The continuation of any of, or combination of, these factors may lead to a further slowdown in GDP growth, which may have an adverse effect on our financial condition and our results of operations.

The government exercises influence over the Brazilian economy, and Brazilian political and economic conditions have a direct impact on our business.

Our financial condition and results of operations are substantially dependent on Brazil's economy, which in the past has been characterized by frequent and occasionally drastic intervention by the government and volatile economic cycles.

In the past, the Brazilian government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the government may take in response to the current or future Brazilian economic situation or how government intervention and government policies will affect the Brazilian economy and our operations and revenues.

Our operations, financial condition and the market price of our shares, preferred share ADSs and common share ADSs may be adversely affected by changes in certain policies related to exchange controls, tax and other matters, as well as factors such as:

- exchange rate fluctuations;
- base interest rate fluctuations;
- domestic economic growth;
- political, social or economic instability;
- monetary policies;
- tax policy and changes in tax regimes;
- exchange controls policies;
- liquidity of domestic financial, capital and credit markets;
- our customers' capacity to meet their other obligations with us;
- decreases in wage and income levels;
- increases in unemployment rates;
- macroprudential measures;
- inflation;
- allegations of corruption against political parties, public officials, including allegations made in relation to the "Operation Car Wash" investigation, among others; and
- other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

Changes in, or uncertainties regarding, the implementation of the policies listed above could contribute to economic uncertainty in Brazil, thereby increasing the volatility of the Brazilian securities market and reducing the value of Brazilian securities traded internally or abroad.

Historically, the country's political scenario has influenced the performance of the Brazilian economy and political crises have affected the confidence of investors and the general public, which resulted in economic deceleration and heightened volatility in the securities issued abroad by companies based in Brazil.

In October 2018, Brazil will have presidential elections and we cannot guarantee that the successor of President Michel Temer will maintain the same economic policies adopted by the previous management. If the Brazilian government decides to make significant changes in the economic policy, as from 2019, these changes may adversely affect our operating results and the market value of our shares, preferred shares ADSs and common shares ADSs, as well as the Brazilian economy in overall.

In addition, uncertainties about the current and future government can influence the perception of risk of Brazil among foreign investors, which can in turn adversely affect the market value of our shares, preferred shares ADSs and common shares ADSs. The market value of Brazilian companies became more volatile during the previous presidential elections.

Currency exchange variations may have an adverse effect on the Brazilian economy and on our results and financial condition.

Fluctuations in the value of the *real* may impact our business. After an extended period of appreciation, interrupted only in late 2008 as a result of the global crisis, the Brazilian *real* started to weaken in mid-2011. This trend accelerated during the following four years and was interrupted in 2016. Weaker currency periods make certain local manufacturers (particularly exporters) more competitive but also make managing economic policy, particularly inflation, increasingly difficult, even with a slowdown in growth. A weaker real also adversely impacts companies based in Brazil with U.S. dollar indexed to and/or denominated debt.

3.D. Risk Factors
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As of December 31, 2017, the net exposure in relation to our assets and liabilities denominated in, or indexed to, foreign currencies (primarily U.S. dollars) was 4.4% of our total assets. If the Brazilian currency devaluates or depreciates, we risk losses on our liabilities denominated in, or indexed to, foreign currencies, such as our U.S. dollar denominated long term debt and foreign currency loans, and experience gains on our monetary assets denominated in or indexed to foreign currencies, as the liabilities and assets are translated into *reais*. Accordingly, if our liabilities denominated in, or indexed to, foreign currencies significantly exceed our monetary assets denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large devaluation or depreciation of the Brazilian currency could materially and adversely affect our financial results and the market price of our shares, preferred share ADSs and common share ADSs, even if the value of the liabilities has not changed in their originated currency. In addition, our lending transactions depend significantly on our capacity to match the cost of funds indexed to the U.S. dollar with the rates charged to our customers. A significant devaluation or depreciation of the U.S. dollar may affect our ability to attract customers on such terms or to charge rates indexed to the U.S. dollar.

Conversely, when the Brazilian currency appreciates, we may incur losses on our monetary assets denominated in, or indexed to, foreign currencies, mainly, the U.S. dollar, and we may experience decreases in our liabilities denominated in, or indexed to, foreign currencies, as the liabilities and assets are translated into *reais*. Therefore, if our monetary assets denominated in, or indexed to, foreign currencies significantly exceed our liabilities denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large appreciation of the Brazilian currency could materially and adversely affect our financial results even if the value of the monetary assets has not changed in their originated currency.

If Brazil experiences substantial inflation in the future, our revenues and our ability to access foreign financial markets may be reduced.

Brazil has, in the past, experienced extremely high rates of inflation. Inflation and governmental measures to combat inflation had significant negative effects on the Brazilian economy and contributed to increased economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets, which may have an adverse effect on us.

The memory of and potential for inflation, is still present, despite the monetary stability achieved in the mid-1990s, which intensified after 1999 as a result of the adoption of inflation targeting norms. There are still concerns that inflation levels might rise again in the future. Current economic policy in Brazil is premised on a monetary regime which the Central Bank oversees in order to assure that the effective rate of inflation keeps in line with a predetermined and previously announced target. In 2017, Brazil's rates of inflation reached 3.0%, 6.3% in 2016 and 10.7% in 2015, as measured by the Extended Consumer Price Index - "IPCA" (*Índice Nacional de Preços ao Consumidor Amplo*).

The recent government measures to combat inflation include maintaining an expansive monetary policy to reduce the interest rates in order to increase the availability of credit and drive the economic growth. Decreases in the base interest rate ("SELIC") set by the Central Bank Committee on Monetary Policy (Comitê de Política Monetária – "COPOM") may have an adverse effect on us by reducing the interest income we receive from our interest-earning assets and lowering our revenues and margins. Increases in SELIC rate may also have an adverse effect on us by reducing the demand for our credit, and increasing our cost of funds, domestic debt expense and the risk of customer default.

Future government actions, including the imposition of taxes, intervention in the foreign exchange market and actions to adjust or fix the value of the real, as well as any GDP growth different from expected levels may trigger increases in inflation. If Brazil experiences fluctuations in rates of inflation in the future, our costs and net margins may be affected and, if investor confidence lags, the price of our securities may fall. Inflationary pressures may also affect our ability to access foreign financial and capital markets and may lead to counter-inflationary policies that may have an adverse effect on our business, financial condition, results of operations and the market value of our shares, preferred share ADSs and common share ADSs.

Changes in base interest rate by the Central Bank may materially adversely affect our margins and results of operations.

The stabilization of inflation allowed the Central Bank to reduce the basic interest rate to the lowest level in history. The base interest rate (SELIC) was 7.0%, 13.75% and 14.25% *per annum* ("*p.a.")* as of December 31, 2017, 2016 and 2015, respectively. Changes in the base interest rate may adversely affect our results of operations as we have assets and liabilities indexed to the SELIC. At the same time, high base interest rates may increase the likelihood of customer delinquency, due to the deceleration in the economic activity. Similarly, low base interest rates may increase the leverage of borrowers, generating additional risk to financial system.

The COPOM adjusts the SELIC rate in order to keep inflation within the range of targets set by the National Monetary Council (CMN) to manage aspects of the Brazilian economy, including the protection of reserves and capital flows. We have no control over the SELIC rate or how often such a rate is adjusted.

Developments and the perception of risk in Brazil and other countries, especially emerging market countries, may adversely affect the market price of Brazilian securities, including our shares, preferred share ADSs and common share ADSs.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of issuers based in Brazil. Crises in other emerging market countries may diminish investor interest in securities of issuers based in Brazil, including ours, which could adversely affect the market price of our shares, preferred share ADSs and common share ADSs.

The exit of the United Kingdom (the "U.K") from the European Union could adversely impact global economic or market conditions.

On June 23, 2016, the U.K. electorate voted in a general referendum in favor of the U.K.'s exit from the European Union (so-called "Brexit"). On March 29, 2017, the U.K. gave formal notice under Article 50 of the Treaty on European Union of its intention to leave the European Union. The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations. The ongoing process of negotiations between the U.K. and the European Union will determine the future terms of the U.K.'s relationship with the European Union, including access to European Union markets, either during a transitional period or more permanently. Brexit could lead to potentially divergent laws and regulations as the U.K. determines which European Union laws to replace or replicate. Uncertainty regarding the terms of Brexit, and its eventual effects once implemented, could adversely affect European or global economic or market conditions and investor confidence. This could, in turn, adversely affect our business and/or the market value of our shares, preferred share ADSs and common share ADSs.

Our investments in debts issued by the Brazilian government expose us to additional risks associated with Brazil.

We invest in debt securities issued by the Brazilian government. The trading price of these securities is affected by, among other things, market conditions in Brazil, the perception of Brazil and the related perception of the Brazilian government's ability to repay principal and/or make interest payments. Accordingly, adverse developments or trends in any of these areas could have a knock-on adverse effect on the value of our securities portfolio, thereby affecting our financial condition and results of operations.

Risks relating to us and the Brazilian banking industry

We may be subject to negative consequences of the judicial process arising from Operation Zelotes, including the filing of a class- action lawsuit.

On May 31, 2016, a lawsuit was filed against three members of our Diretoria Executiva, within the so-called "Operação Zelotes" or "Operation Zealots," which investigates the alleged improper performance of members of the Federal Administrative Tax Court (*Conselho Administrativo de Recursos Fiscais* – "CARF"). On July 28, 2016, the Federal Public Prosecution Office pressed charges against three officers of our *Diretoria Executiva* and a former member of our Board of Directors. The charges were received for processing by the Judge of the Tenth Federal District Court of the Federal District of Brazil. The executives have already submitted their respective defenses in the criminal proceeding and moved to dismiss the charges against them. At present, two of the three members of our Organization remain defendants in the proceeding. The process went through discovery phase and the next step is the presentation of closing arguments by the parties. After that, the judge will give a decision on the merits.

Our Management conducted an internal evaluation of the records and documents related to the indictment and found no evidence of any unlawful conduct by our representatives. We provided all informations to the competent authorities and regulators in Brazil and abroad.

Following news reports of the Operation Zealots, a putative class-action lawsuit was filed in the US District Court for the Southern District of New York on June 3, 2016 asserting claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934. On October 21, 2016, the Court-appointed Lead

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Plaintiff submitted an Amended Class Action Complaint naming us and the three members of our *Diretoria Executiva* who were indicted. The lawsuit alleges that investors who purchased our preferred ADSs between April 30, 2012 and July 27, 2016 suffered damages due to a supposed violation of U.S. securities laws.

On September 29, 2017, the Court decided to limit the claim to investors who acquired preferred ADSs between August 8, 2014 and July 27, 2016. The discovery phase has started and, because the lawsuit is in a preliminary stage, it is not possible at present to estimate the exposure and not enough elements are available to conduct a risk assessment.

We were also summoned by the internal affairs committee of the Brazilian Ministry of Finance to follow an Administrative Procedure to Determine Liability (*Processo Administrativo de Responsabilização* – “PAR”). This procedure carries the possibility of a fine being levied against us and/or inclusion of our name in public lists which may in turn restrict our ability to conduct business with state-owned entities.

Developments in the criminal proceeding may result in negative publicity for us, and we cannot predict what conclusion the Courts and other authorities may come to in connection with it. An adverse conclusion of this proceeding could result in legal exposure and other penalties for us negatively affect our reputation, financial condition and results of operations.

We may be subject to negative consequences from the “Operation Greenfield” investigation.

The Federal Police is conducting an investigation called "Operação Greenfield," or "Operation Greenfield," into allegations of fraud involving certain pension funds. Our wholly-owned subsidiaries BEM - Distribuidora de Títulos e Valores Mobiliários Ltda. ("BEM") and BRAM - Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários ("BRAM"), as well as two of their managers were mentioned by the Federal Police in relation to Operation Greenfield as they were responsible for the administration and management of an Equity Investment Fund, named Fundo de Investimento em Participações FIP Enseada (“FIP Enseada”). In the course of the investigation, the Federal Court authorized the seizing of a number of documents, and blocked the assets of BEM. In order to have its assets unblocked, BEM, together with BRAM signed a commitment, which was approved by the Tenth Federal Court of the Federal District, to release their assets in exchange for the provision of guarantees totaling R$104 million. In December 2017, an agreement between BEM, BRAM, Fundação Petrobras de Seguridade Social – PETROS, Fundação dos Economiários Federais – FUNCEF, Agência de Fomento do Estado do Amazonas S/A – AFEAM (all investors of FIP Enseada), and the Federal Public Prosecution Office was affirmed by the Tenth Federal Court of the Federal District pursuant to which: (i) BEM and BRAM committed to pay R$113 million; (ii) BEM, BRAM and its managers and officers committed to provide any clarifications to the authorities responsible for conducting this investigation, regardless of a formal subpoena; and (iii) BEM and BRAM committed to perform an independent internal investigation, in exchange for having their guarantees released. On December 11, 2017, the payment was made and the guarantees were released. BEM and BRAM did not acknowledge any civil or criminal liability by entering into this commitment. Additionally, internal evaluations indicate that there was no illegal conduct in the activities and the corresponding reports were submitted to the Federal Public Prosecution Office. The ongoing Operation Greenfield investigation may result in negative publicity for us and our subsidiaries, and we cannot predict what conclusion the Federal Police and other competent authorities, especially the Federal Public Prosecution Office may come to in connection with this investigation. A conclusion adverse to BEM and BRAM, or their managers, could negatively affect our reputation, financial condition and results of operations. In March 2018, the Federal Public Prosecution Office commenced proceedings in relation to the Operation Greenfield investigation. These proceedings did not include any of our officers, directors or employees.

We may experience increases in our level of past due loans as our loans and advances portfolio becomes more seasoned.

Historically, our loans and advances to customer portfolios registered an increase.However in 2017, due to the recession in the Brazilian economy, it experienced a decrease. Any corresponding rise in our level of non-performing loans and advances may lag behind the rate of loan growth, as loans typically do not have due payments for a short period of time after their origination. Levels of past due loans are normally higher among our individual clients than our corporate clients.

As of December 31, 2017, our provision for impairment of loans and advances increased by 9.2% when compared to December 31, 2016, while our portfolio of loans and advances to customers decreased by 4.7% driven by the reduction of corporate customers' outstanding loans (which reduced 9.6%). Outstanding loans for individuals increased 1.8% over that same period.

As of December 31, 2016, our provision for the impairment of loans and advances decreased by 2.6% when compared to December 31, 2015, while our portfolio of loans and advances to customers increased by 5.9% over that same period (driven principally by our acquisition of the operations of HSBC Brasil).

Our delinquency ratios, calculated based on information prepared in accordance with accounting practices adopted in Brazil (“BR GAAP”), which is defined as the total loans overdue for over ninety days in relation to the total portfolio of loans and advances decreased to 4.7% in 2017. In 2016, our delinquency ratio increased to 5.5%, compared to 4.1% in 2015.

Rapid loan growth may also reduce our ratio of non-performing loans to total loans until growth slows or the portfolio becomes more seasoned. Adverse economic conditions and a slower growth rate for our loans and advances to customers may result in increases in our impairment of loans and advances, charge-offs and our ratio of non-performing loans and advances to total loans and advances, which may have an adverse effect on our business, financial condition and results of operations.

Adverse conditions in the credit and capital markets, just like the value and/or perception of value of Brazilian government securities, may adversely affect our ability to access funding in a cost effective and/or timely manner.

Volatility and uncertainties in the credit and capital markets have generally decreased liquidity, with increased costs of funding for financial institutions and corporations. These conditions may impact our ability to replace, in a cost effective and/or timely manner, maturing liabilities and/or access funding to execute our growth strategy.

Part of our funding originates from repurchase agreements, which are largely guaranteed by Brazilian government securities. These types of transaction are generally short-term and volatile in terms of volume, as they are directly impacted by market liquidity. As these transactions are typically guaranteed by Brazilian government securities, the value and/or perception of value of the Brazilian government securities may be significant for the availability of funds. For example, if the quality of the Brazilian government securities used as collateral is adversely affected, due to the worsening credit risk, the cost of these transactions could increase, making this source of funding inefficient for us. For further information about obligations for repurchase agreements, see “Item 4.B. Business Overview – Other funding sources.”

If the market shrinks, which could cause a reduction in volume, or if there is increased collateral credit risk and we are forced to take and/or pay unattractive interest rates, our financial condition and the results of our operations may be adversely affected.

The increasingly competitive environment in the Brazilian bank and insurance industries may negatively affect our business prospects.

The markets for financial, banking and insurance services in Brazil are highly competitive. We face significant competition in all of our principal areas of operation from other large banks and insurance companies, both public and private based in Brazil and internationally.

Competition has increased as a result of consolidations among financial institutions in Brazil and as a result of regulations by the CMN that facilitate customers' ability to switch business between banks. The increased competition may materially and adversely affect us by, among other things, limiting our ability to retain our existing consumer base, increasing our customer base and expanding our operations, reducing our profit margins on banking and other services and products we offer, and limiting investment opportunities.

The increased competition may negatively affect our business results and prospects by, among other things:

- limiting our ability to increase our customer base and expand our operations;
- reducing our profit margins in the banking, insurance, leasing and other services and products offered by us; and
- increasing competition for foreign investment opportunities.

Losses on our investments in financial assets held for trading and available for sale may have a significant impact on our results of operations and are not predictable.

The value of certain investments in financial assets may decline significantly due to volatile financial markets and may fluctuate over short periods of time. As of December 31, 2017, the investments in financial assets held for trading and available for sale represented 32.8% of our assets, and realized gains and losses or unrealized gains and losses for financial assets held for trading and available for sale have had and may continue to have a significant impact on the results of our operations. The amounts of such gains and losses, which we record when investments in financial assets are sold, or in certain limited circumstances when they

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are recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the fair value of the financial assets, which in turn may vary considerably, and our investment policies. We cannot predict the amount of realized gain or loss for any future period, and we believe that variations from period to period have no practical analytical value. Furthermore, any gains on our investment portfolio may not continue to contribute to net income at levels consistent with recent periods, and we may not successfully realize the appreciation in our consolidated investment portfolio or any portion thereof.

We may incur losses associated with counterparty exposures.

We face the possibility that a counterparty will be unable to honor its contractual obligations. These counterparties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, as a result of entering into swap or other derivative contracts under which counterparties have obligations to make payments to us, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Such counterparty risk is more acute in complex markets where the risk of failure of counterparties is higher.

Our trading activities and derivatives transactions may produce material losses.

We engage in the trading of securities, buying debt and equity securities principally to sell them in the near term with the objective of generating profits on short-term differences in price. These investments could expose us to the possibility of material financial losses in the future, as securities are subject to fluctuations in value, which may generate losses. In addition, we enter into derivatives transactions, mainly, to manage our exposure to interest rate and exchange rate risk. Such derivatives transactions are designed to protect us against increases or decreases in exchange rates or interest rates.

The government regulates the operations of Brazilian financial institutions and insurance companies. Changes in existing laws and regulations or the imposition of new laws and regulations may negatively affect our operations and revenues.

Brazilian banks and insurance companies are subject to extensive and continuous regulatory review by the government. We have no control over government regulations, which govern all facets of our operations, including the imposition of:

- minimum capital requirements;
- compulsory deposit/reserve requirements;
- fixed assets investment limitations;

- lending limits and other credit restrictions;
- earmarked credit transactions, such as housing loans and rural credit;
- accounting and statistical requirements;
- minimum coverage;
- mandatory provisioning policies;
- limits and other restrictions on rates; and
- limits on the amount of interest that they can charge and the period for which they can capitalize on interest.

The regulatory structure governing banks and insurance companies based in Brazil is continuously evolving. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenues.

In particular, the government has historically enacted regulations affecting financial institutions in an effort to implement its economic policies. These regulations are intended to control the availability of credit and reduce or increase consumption in Brazil. These changes may adversely affect us because our returns on compulsory deposits are lower than those we obtain on our other investments. Regulations issued by the Central Bank are not subject to a legislative process. Therefore those regulations can be enacted and implemented in a very short period of time, thereby affecting our activities in sudden and unexpected ways.

A majority of our common shares are held, directly and indirectly, by one shareholder and none of our Board members are independent; accordingly, their interests may conflict with those of our other investors.

As of December 31, 2017, Fundação Bradesco directly and indirectly held 57.0% of our common shares. As a result, Fundação Bradesco has the power, among other things, to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related party transactions or corporate reorganizations. Under the terms of Fundação Bradesco's by-laws, members of our *Diretoria Executiva*, that have been working with us for more than ten years serve as members of the Board of Trustees of Fundação Bradesco. The Board of Trustees has no other members.

Our Board of Directors has 8 members, none of whom are considered independent in accordance with the criteria included in Law No. 6,404/76 (the "Brazilian Corporate Law"), which states that only individuals may be appointed to a company's board of directors. Accordingly, there is no legal or statutory provision requiring us to have independent directors. As a result, the interests of our Board of Directors may not always be in line with the interests of our common shareholders and these holders do not have the same protections they would have if most of the directors were independent. Furthermore, our directors are associated to Fundação Bradesco and circumstances may arise in which the interests of Fundação Bradesco, and its associates, conflict with our other investors' interests.

Fundação Bradesco and our Board of Directors could make decisions in relation to our policy towards acquisitions, divestitures, financings or other transactions, which may be contrary to the interests of holders of common shares and have a negative impact on the interests of holders of common shares. For more information on our shareholders, see "Item 7.A. Major Shareholders."

Changes in regulations regarding reserve and compulsory deposit requirements may reduce operating margins.

The Central Bank has periodically changed the level of compulsory deposits that financial institutions in Brazil are required to abide by.

Compulsory deposits generally yield lower returns than our other investments and deposits because:

- a portion of our compulsory deposits with the Central Bank do not bear interest; and

- a portion of our compulsory deposits must finance a federal housing program, the Brazilian rural sector, low income customers and small enterprises under a program referred to as a "microcredit program."

Rules related to compulsory deposits have been changed from time to time by the Central Bank, as described in "Item 4.B. Business Overview - Deposit-taking activities."

As of December 31, 2017, our compulsory deposits in connection with demand, savings and time deposits and additional compulsory deposits were R$66.7 billion. Reserve requirements have been used by the Central Bank to control liquidity as part of monetary policy in the past, and we have no control over their imposition. Any increase in the compulsory deposit requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us. For further information on compulsory deposits, see "Item 4.B. Business Overview- Deposit - taking activities."

Changes in taxes and other fiscal assessments may adversely affect us.

The government regularly enacts reforms to the tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. There can be no assurance that these reforms will not, once implemented, have an adverse effect upon our business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in our non-performing portfolio of loans and advances.

The Brazilian Constitution used to establish a ceiling on loan interest rates and if the government enacts new legislation with a similar effect in the future, our results of operations may be adversely affected.

Article 192 of the Brazilian Constitution, enacted in 1988, established a 12.0% *p.a.* ceiling on bank loan interest rates. However, since the enactment of the Brazilian Constitution, this rate had not been enforced, as the regulation regarding the ceiling was pending. The understanding that this ceiling is not yet in

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force has been confirmed by *Súmula Vinculante* No. 7, a final binding decision enacted in 2008 by the STF, in accordance with such Court's prior understanding on this matter. Since 1988, several attempts were made to regulate the limitation on loan interest, and especially bank loan interest rates, but none of them were implemented nor have been confirmed by Brazilian superior courts.

On May 29, 2003, Constitutional Amendment No. 40 ("EC 40/03") was enacted and revoked all subsections and paragraphs of Article 192 of the Brazilian Constitution. This amendment allows the Brazilian Financial System, to be regulated by specific laws for each sector of the system rather than by a single law relating to the system as a whole.

With the enactment of Law No. 10,406/02 (or the "Civil Code"), unless the parties to a loan have agreed to use a different rate, in principle the interest rate ceiling has been pegged to the base rate charged by the National Treasury Office (*Tesouro Nacional*). There is currently an uncertainty as to whether such base rate which is referred to in the Civil Code is: (i) the Special Clearing and Settlement System (*Sistema Especial de Liquidação e Custódia*) rate, which we call the SELIC rate, the base interest rate established by COPOM, which was 7.0% *p.a.* as of December 31, 2017 and 13.75% *p.a.* as of December 31, 2016; or (ii) the 12.0% *p.a.* rate established in Article 161, paragraph 1, of Law No. 5,172, of October 25, 1966, as amended ("Brazilian Tax Code"), which is the default interest rate due when taxes are not paid on time.

Any substantial increase or decrease in the interest rate ceiling could have a material effect on the financial condition, results of operations or prospects of financial institutions based in Brazil, including us.

Additionally, certain Brazilian courts have issued decisions in the past limiting interest rates on consumer financing transactions that are considered abusive or excessively onerous in comparison with market practice. Brazilian courts' future decisions as well as changes in legislation and regulations restricting interest rates charged by financial institutions could have an adverse effect on our business.

Our losses in connection with insurance claims may vary from time to time. Differences between the losses from actual claims, underwriting and reserving assumptions and the related provisions may have an adverse effect on us.

The results of our operations depend significantly upon the extent to which our actual claims are consistent with the assumptions we used to assess our potential future policy and claim liabilities and to price our insurance products. We seek to limit our responsibility and price our insurance products based on the expected payout of benefits, calculated using several factors, such as assumptions for investment returns, mortality and morbidity rates, expenses, persistency, and certain macroeconomic factors, such as inflation and interest rates. These assumptions may deviate from our prior experience, due to factors beyond our control such as natural disasters (floods, explosions and fires), man-made disasters (riots, gang or terrorist attacks) or changes in mortality and morbidity rates as a result of advances in medical technology and longevity, among others. Therefore, we cannot determine precisely the amounts that we will ultimately pay to settle these liabilities, when these payments will need to be made, or whether the assets supporting our policy liabilities, together with future premiums and contributions, will be sufficient for payment of these liabilities. These amounts may vary from the estimated amounts, particularly when those payments do not occur until well in the future, which is the case with certain of our life insurance products. Accordingly, the establishment of the related provisions is inherently uncertain and our actual losses usually deviate, sometimes substantially, from such estimated amounts. To the extent that actual claims are less favorable than the underlying assumptions used in establishing such liabilities, we may be required to increase our provisions, which may have an adverse effect on our financial condition and results of operations.

We are liable for claims of our customers if our reinsurers fail to meet their obligations under the reinsurance contracts.

The purchase of reinsurance does not hold us harmless against our liability towards our clients if the reinsurer fails to meet its obligations under the reinsurance contracts. As a result, reinsurers' insolvency or failure to make timely payments under these contracts could have an adverse effect on us, given that we remain liable to our policyholders.

A failure in, or breach of, our operational, security or technology systems could temporarily interrupt our businesses, increasing our costs and causing losses.

We constantly invest in the improvement and evolution of the safety controls, resilience, continuity and management of our information technology systems and as a result have created an environment with a high capacity to process data for our operating systems and our financial and accounting systems.

Our information technology systems could suffer shortages or become unavailable for a given period of time due to external factors, including events which are wholly or partially beyond our control, such as:

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cyber-attacks, protests which could prevent individuals from entering our buildings, changes to the regulatory framework, electrical or telecommunications outages, systems failures, resulting from human error or not, or other events involving third parties and suppliers.

Due to the nature of our operations as well as the global context, where there is an ever-increasing integration among platforms, dependency on technology and on the internet, a higher exposure to viruses, malicious software and cyber-attacks is a business reality, which may unexpectedly impair the operations and integrity of our systems that manage and store sensitive and/or confidential information for our business and operations.

We and other financial institutions, including governmental entities, have already experienced attacks on our information technology systems. Due to the controls we have in place, we have not experienced any material loss of data from these attacks to date, neither from a hardware nor from a data information loss perspective. However, considering the use of new technologies, the increasing dependency on the internet and the changing and sophisticated nature of attacks, it is not possible to predict all the means that will be used by individuals or organizations with harmful intent , which could impact our capacity to effectively foresee and/or avoid all attacks in the future.

As a result, all the risks mentioned above could result in customer attrition, regulatory fines, penalties or intervention, reimbursement or other administrative penalties.

The Brazilian Supreme Court is currently deciding cases relating to the application of inflation adjustments which may increase our costs and cause losses.

The STF, which is the highest court in Brazil and is responsible for judging constitutional matters, is currently deciding whether savings account holders have the right to obtain adjustments for inflation related to their deposits due to the economic plans *Bresser,* part of *Verão*, *Collor I* and *Collor II*, implemented in the 1980s and 1990s, before the *Plano Real*, in 1994. The trial began in November 2013, but was recently interrupted. According to the institutions representing the account holders, banks misapplied the monetary adjustments when those economic plans were implemented, and should be required to indemnify the account holders for the non-adjustment of those amounts.

The STF gave a ruling on an individual case, in the sense that the sentences on class actions proposed by associations questioning inflationary purges only benefit consumers who: (i) were associated with the associations at the time of filing of the class action; and (ii) had authorized the filing of the class action. This reduced the number of beneficiaries in class actions because, until then, it was understood that these decisions should benefit all consumers affected by the practices (i.e., all consumers that are current account holders and that had suffered losses related to inflationary purges, were or were not associated with the association, plaintiff of the class action).

In addition, in connection with a related sentence, the Brazilian Supreme Court Justice(“STJ”) decided, in May 2014, that the starting date for counting default interest for compensating savings account holders must be the date of summons of the related lawsuit (rather than the date of settlement of the judgment), therefore increasing the amount of possible losses for the affected banks in the event of an unfavorable decision by the STF.

In December 2017, with the mediation of the Executive branch's attorney (*Advocacia Geral da União*), or ("AGU"), the representatives of the banks and the savings account holders entered into an agreement related to the economic plans aiming to finalize the claims and established a timeline and conditions for the savings account holders to accede to such agreement. The STF affirmed the agreement on March 1, 2018, but it is still subject to appeals. As this is a voluntary settlement, Bradesco is unable to predict how many savings account holders will accede to it.It is possible that all major Brazilian banks, may incur material costs as a result.

Our risk management structure may not be fully effective.

We fully incorporate the risk management process into all of our activities, developing and implementing methodologies, models and other tools for the measurement and control of risks, looking to continuously improve them in order to mitigate the risks that we identify. However, there may be limitations to this risk management framework in foreseeing and mitigating all the risks to which we are subject, or may in the future become, subject. If our risk management structure is not completely effective in adequately preventing or mitigating risks, we could suffer material unexpected losses, adversely affecting our financial condition and results of operations. For more information on our risk management structure, see "Item 4.B.

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We may face significant challenges in possessing and realizing value from collateral with respect to loans in default.

If we are unable to recover sums owed to us under secured loans in default through extrajudicial measures such as restructurings, our last recourse with respect to such loans may be to enforce the collateral secured in our favor by the applicable borrower. Depending on the type of collateral granted, we either have to enforce such collateral through the courts or through extrajudicial measures. However, even where the enforcement mechanism is duly established by the law, Brazilian law allows borrowers to challenge the enforcement in the courts, even if such challenge is unfounded, which can delay the realization of value from the collateral. In addition, our secured claims under Brazilian law will in certain cases rank below those of preferred creditors such as employees and tax authorities. As a result, we may not be able to realize value from the collateral, or may only be able to do so to a limited extent or after a significant amount of time, thereby potentially adversely affecting our financial condition and results of operations.

Risks relating to our shares, preferred share ADSs and common share ADSs.

The Deposit Agreements governing the preferred share ADSs and common share ADSs provide that holders of such ADSs will only receive voting instructions if we authorize the depositary bank to contact those holders to obtain voting instructions; and there are also practical limitations on any ability to vote we may give such holders.

The voting rights of preferred share ADS holders and common share ADS holders are governed by the Deposit Agreements. Those Deposit Agreements provide that the depositary bank shall mail voting instructions to holders only if we authorize and direct the depositary bank to do so. If we do not provide that authorization and direction to the depositary bank, holders of preferred share ADSs and common share ADSs will not be able to vote at our meetings, unless they surrender their preferred share ADSs or common share ADSs and receive the underlying preferred shares or common shares, as applicable, in accordance with the terms of the applicable Deposit Agreement.

In addition, there are practical limits on the ability of preferred share ADS and common share ADS holders to exercise any vote due to the additional procedural steps involved in communicating with such holders. For example, our shareholders will either be notified directly or through notification published in Brazilian newspapers and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. In contrast, preferred share ADS holders and common share ADS holders will not receive notice directly from us and cannot vote in person at the meeting. Instead, in accordance with the Deposit Agreements, the depositary bank will, if authorized and directed by us, send any notice of meetings of holders received by it from us to holders of preferred share ADSs and common share ADSs, together with a statement as to the manner in which voting instructions may be given by holders. To exercise any such ability to vote, preferred share ADS and common share ADS holders must then instruct the depositary bank how to vote with the shares represented by their preferred share ADSs or common share ADSs. Because of this extra step involving the depositary bank, if and when we authorize and direct the depositary bank to mail voting information to preferred share ADS holders and common share ADS holders, the process for voting will take longer for preferred share ADS and common share ADS holders than for holders of our shares. Preferred share ADSs and common share ADSs for which the depositary bank does not receive voting instructions in good time will not be able to vote at a meeting.

Under Brazilian Corporate Law, holders of preferred shares have limited voting rights, accordingly, holders of preferred share ADSs will have similar limitations on their ability to vote.

Under Brazilian Corporate Law and our Bylaws, holders of our preferred shares are not entitled to vote at our shareholders' meetings, except in limited circumstances (see "Item 10.B. Memorandum and Articles of Association – Organization – Voting Rights," for further information on voting rights of our shares). As such, in contrast to holders of common shares, holders of preferred shares are not entitled to vote on corporate transactions, including any proposed merger or consolidation with other companies, among other things.

As discussed above under "*The Deposit Agreements governing the preferred share ADSs and common share ADSs provide that holders of such ADSs will only receive voting instructions if we authorize the depositary bank to contact those holders to obtain voting instructions; and there are also practical limitations on any ability to vote we may give such holders*," preferred share ADS holders will only be able to vote if we authorize and direct the depositary bank accordingly. As a result of the fact that holders of preferred shares have limited voting rights, any ability to vote that we may extend to holders of preferred share ADSs corresponding to preferred shares pursuant to the applicable Deposit Agreement would be similarly limited.

The relative volatility and illiquidity of the Brazilian securities markets may substantially limit your ability to sell shares underlying the preferred share ADSs and common share ADSs at the price and time you desire.

Investing in securities that trade in emerging markets, such as Brazil, often involves greater risk than investing in securities of issuers in more developed countries, and these investments are generally considered more speculative in nature. The Brazilian securities market is substantially smaller and less liquid than major securities markets, such as the United States, and may be more volatile. Although you are entitled to withdraw our shares, underlying the preferred share ADSs and common share ADSs from the depositary bank at any time, your ability to sell our shares underlying the preferred share ADSs and common share ADSs at a price and time acceptable to you may be substantially limited. There is also significantly greater concentration in the Brazilian securities market than in major securities markets such as the United States or other countries. The ten largest companies in terms of market capitalization, according to B3, accounted for 52.2% of the aggregate market capitalization in December 2017.

Our shares, preferred share ADSs and common share ADSs are not entitled to a fixed or minimum dividend.

Holders of our shares and, consequently, our preferred share ADSs and common share ADSs are not entitled to a fixed or minimum dividend. Pursuant to the Deposit Agreements, if the depositary (as holder of the common shares and preferred shares underlying the common share ADSs and preferred share ADSs,) receives any cash dividend or distribution from us, it shall distribute a corresponding U.S. dollar amount, net of depositary fees and certain withholding tax adjustments as described in the Deposit Agreements, to holders of our common share ADSs and preferred share ADSs as promptly as practicable. However, if we do not pay dividends to holders of our common shares or preferred shares then there will be no payment of dividends to holders of our common share ADSs or preferred share ADSs.

Pursuant to our Bylaws, our preferred shares are entitled to dividends 10.0% higher than those of our common shares. Although under our current Bylaws we are obligated to pay our shareholders at least 30.0% of our annual adjusted net income, the shareholders attending our annual general shareholders' meeting may decide to suspend this mandatory distribution of dividends if the Board of Directors advises that payment of the dividend is not compatible with our financial condition. Neither our Bylaws nor Brazilian law specify the circumstances in which a distribution would not be compatible with our financial condition, and our controlling shareholders have never suspended the mandatory distribution of dividends. However, Brazilian law provides that a company need not pay dividends if such payment would endanger the existence of the company or harm its normal course of operations.

In March 2013, CMN Resolution No. 4,193/13 was issued in an effort to further implement the Basel III Accord in Brazil. Pursuant to such rule, a restriction of dividend and interest payments on equity may be imposed by the Central Bank in the event of non-compliance with the additional capital requirements established by the Central Bank, as further described in "Item 5.B. Liquidity and Capital Resources – Capital adequacy and leverage."

As a holder of preferred share ADSs and common share ADSs you will have fewer and less well defined shareholders' rights than in the United States and certain other jurisdictions.

Our corporate affairs are governed by our Bylaws and Brazilian Corporate Law, which may differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States or in certain other jurisdictions outside Brazil. Under Brazilian Corporate Law, you and the holders of our shares may have fewer and less well defined rights to protect your interests relative to actions taken by our Board of Directors or the holders of our common shares than under the laws of other jurisdictions outside Brazil.

Although Brazilian Corporate Law imposes restrictions on insider trading and price manipulation, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or markets in certain other jurisdictions. In addition, in Brazil, self dealing and the preservation of shareholder interests may be less heavily regulated and what regulations are in place may not be as strictly enforced in Brazil as in the United States, which could potentially disadvantage you as a holder of our shares underlying preferred share ADSs and common share ADSs. For example, compared to Delaware general corporation law, Brazilian Corporate Law and practices have less detailed and well established rules and judicial precedents relating to review of management decisions under duty of care and duty of loyalty standards in the context of corporate restructurings, transactions with related parties, and sale-of-business transactions. In addition, shareholders in Delaware companies must hold 5.0% of the outstanding share capital of a corporation to have valid standing to bring shareholder derivative suits, while shareholders in companies based in Brazil do not normally have valid standing to bring a class action.

It may be difficult to bring civil liability causes against us or our directors and executive officers.

We are organized under the laws of Brazil, and all of our directors and executive officers reside outside the United States. In addition, a substantial portion of our assets and most or all of the assets of our directors and executive officers are located in Brazil. As a result, it may be difficult for investors to effect service of process within the United States or other jurisdictions outside of Brazil on such persons or to enforce judgments against them, including any based on civil liabilities under the U.S. federal securities laws.

If we issue new shares or our shareholders sell shares in the future, the market price of your preferred share ADSs and common share ADSs may be reduced.

Sales of a substantial number of shares, or the belief that this may occur, could decrease the market price of our shares, preferred share ADSs and common share ADSs, by diluting their value. If we issue new shares or our existing shareholders sell the shares they hold, the market price of our shares and therefore the market price of our preferred share ADSs and common share ADSs, may decrease significantly.

The payments on the preferred share ADSs and common share ADSs may be subject to U.S. withholding under the Foreign Account Tax Compliance Act (“FATCA”).

The United States has enacted rules, commonly referred to as FATCA, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including interest and dividends), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Brazil (the “IGA”). Under the current terms and conditions of the IGA, we do not expect payments made on or with respect to the preferred share ADSs or common share ADSs to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the preferred share ADSs or common share ADSs in the future. Similar to the FATCA, the Common Reporting Standard ("CRS") is the instrument developed by the Convention on Mutual Assistance in Tax Matters of the Organization for Economic Cooperation and Development (“OECD”) and the Multilateral Competent Authority Agreement, applicable to the countries signatory to the norm. The financial institutions and entities subject to it should ensure the identification, investigation and reporting of information to the competent bodies. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA and CRS. For more information about FATCA and CRS, see "Item 4.B. Business Overview – Regulation and Supervision."

You may be unable to exercise preemptive rights relating to our shares.

You will not be able to exercise preemptive rights relating to our shares underlying your preferred share ADSs and common share ADSs unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. Similarly, we may from time to time distribute rights to our shareholders. The depositary bank will not offer rights to you as a holder of the preferred share ADSs and common share ADSs unless the rights are either registered under the Securities Act or are subject to an exemption from the registration requirements. We are not obligated to file a registration statement with respect to the shares or other securities relating to these rights, and we cannot assure you that we will file any such registration statement. Accordingly, you may receive only the net proceeds from the sale by the depositary bank of the rights received in respect of the shares represented by your preferred share ADSs and common share ADSs or, if the preemptive rights cannot be sold, they will be allowed to lapse. You may also be unable to participate in rights offerings by us, and your holdings may be diluted as a result.

If you exchange your preferred share ADSs or common share ADSs for their underlying shares, you risk losing Brazilian tax advantages and the ability to remit foreign currency abroad.

Brazilian law requires that parties obtain registration with the Central Bank in order to remit foreign currencies, including U.S. dollars, abroad. The Brazilian custodian for the shares must obtain the necessary registration with the Central Bank for payment of dividends or other cash distributions relating to the shares or after disposal of the shares. If you exchange your preferred share ADSs or common share ADSs for the underlying shares, however, you may only rely on the custodian's certificate for five business days from the date of exchange. Thereafter, you must obtain your own registration in accordance with the rules of the Central Bank and the CVM, in order to obtain and remit U.S. dollars abroad after the disposal of the shares or the receipt of distributions relating to the shares. If you do not obtain a certificate of registration, you may not be able to remit U.S. dollars or other currencies abroad and may be subject to less favorable tax treatment on gains with respect to the shares. For more information, see "Item 10.D. Exchange Controls."

If you attempt to obtain your own registration, you may incur expenses or suffer delays in the application process, which could delay your receipt of dividends or distributions relating to the shares or the return of your capital in a timely manner. The custodian's registration and any certificate of foreign capital registration you may obtain may be affected by future legislative changes. Additional restrictions applicable to you, to the disposal of the underlying shares or to the repatriation of the proceeds from disposal may be imposed in the future.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

We are a *sociedade anônima* organized under the laws of Brazil. Our headquarters are in Cidade de Deus, Vila Yara, 06029 900, Osasco, São Paulo, Brazil, and our telephone number is (55-11) 3684-4011. Our New York Branch is located at 450 Park Avenue, 32nd and 33rd floors, New York 10022.

We were founded in 1943 as a commercial bank under the name "Banco Brasileiro de Descontos S.A." In 1948, we began a period of aggressive expansion, which led to our becoming the largest private sector (non government controlled) commercial bank in Brazil by the end of the 1960s. We expanded our activities nationwide during the 1970s and became well established in both urban and rural markets in Brazil. In 1988 we merged with our real estate finance, investment bank and consumer credit subsidiaries to become a multiple service bank and changed our name to “Banco Bradesco S.A.”

Since 2009, we operate in all Brazilian municipalities, and our large banking network enables us to be closer to our customers, thereby enabling our managers to develop knowledge as to economically active regions and other important conditions for our business. This knowledge helps us assess and mitigate risks in credit transactions, among other risks, as well as to meet the specific needs of our customers.

Currently, we are one of the largest banks in Brazil in terms of total assets. We offer a wide range of banking and financial products and services in Brazil and abroad to individuals, large, mid sized, small and micro enterprises and major local and international corporations and institutions. Our products and services comprise of banking operations such as loans and advances and deposit taking, credit card issuance, purchasing consortiums, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services.

As of December 31, 2017, we had, on a consolidated basis:

- R$1.2 trillion in total assets;
- R$373.8 billion in total loans and advances to customers;
- R$265.2 billion in total deposits;
- R$117.7 billion in equity, including non-controlling interest;
- R$239.1 billion in technical reserves for our insurance and pension plan business;
- R$51.3 billion in foreign trading financing;
- 47.6 million insurance policyholders;
- 25.8 million checking account holders;
- 63.4 million savings accounts;
- 2.9 million capitalization bonds holders;
- 2.8 million pension plan holders;
- 2,198 Brazilian corporate groups and multinational companies in Brazil as ”Corporate” customers;

4.A. History and Development of the Company
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- an average of 43.8 million daily transactions, including 1.4 million in our 4,749 branches and 42.4 million through Digital Channels, such as Bradesco Celular, Internet, Automatic Teller Machines, or ATMs, and telephone (*Fone Fácil*);

- a nationwide network consisting of 4,749 branches and 4,827 service centers and electronic in-company service centers, 35,590 active ATMs of our own network, and 21,259 ATMs available under the Banco24Horas brand for cash withdrawals, account balance information, obtaining statements and, take out loans, perform collections, transfers between Bradesco accounts, DOC/TED (types of bank transfer), pre-paid card and "proof of life" to INSS (physical proof of the existence of the old age pensioner or survivor to maintain the right to the social benefit) and services such as scheduled withdrawals via mobile apps, the purchase of foreign currency and immediate deposit (which makes the funds immediately available);

- 98,808 employees. For more information on our employees, see "Item 6.D. Employees"; and

- a total of three branches and nine subsidiaries located in New York, London, the Cayman Islands, Buenos Aires, Luxembourg, Hong Kong and Mexico.

Recent acquisitions

In July 2016, we announced to the market the acquisition of 100% of the share capital of HSBC Brasil.

In July 2015, we signed a purchase contract for the acquisition of 100% of the share capital of HSBC Brasil. The acquisition was approved by the Central Bank in December 2015 and by the Administrative Council for Economic Defense ("CADE") in June 2016, subject to an Agreement on Concentration Control, and therefore approved by all relevant regulatory bodies. The purchase was completed in July 2016, for R$16 billion. In October 2016, a Shareholders' Meeting approved the spin-off of HSBC Brasil and the integration of its staff and operational and technological platforms, resulting in the replacement of the HSBC brand in then-existing service network and providing greater synergy in its operations.

With the acquisition, we took over all operations of HSBC in Brazil, including retail, insurance and asset management, as well as all branches and clients. The acquisition allowed us to grow in scale and optimize our platforms, while increasing national coverage, consolidating our leadership in a number of branches in several states, and strengthening our presence in the high-income segment. The acquisition also enabled us to expand our operations, increasing the range of products offered in Brazil, especially in the insurance, credit card and asset management segments.

Other strategic alliances

In July 2017, we announced that Bradesco Seguros S.A. (“Bradesco Seguros”) and Swiss Re Corporate Solutions Ltd. (“Swiss Re Corso”) completed the transaction announced in October 2016, by signing a shareholders' agreement pursuant to which: (i) Swiss Re Corporate Solutions Brasil Seguros S/A (“Swiss Re Corporate Solutions Brasil”) assumed part of the insurance operations of Bradesco Seguros, the property and casualty (P&C) and the transport (together "Large Risk Insurance"), having exclusive access to Bradesco clients to market Large Risk Insurance solutions; and (ii) Bradesco Seguros became the holder of 40.0% of Swiss Re Corporate Solutions Brasil's shares and the other 60% remained with its controller Swiss Re Corso. The transaction was approved by the SUSEP, by the CADE and by the Central Bank.

In May 2017, Bradesco Seguros, together with the other shareholders of IRB Brasil RE ("IRB"), authorized IRB to request to the CVM: (i) registration as a publicly-traded company and authorization to conduct the Initial Public Offer (IPO) of IRB, in accordance with CVM Instructions No. 400/03 and No. 480/09; and (ii) registration to perform a secondary offering of common shares, in accordance with CVM Instruction No. 400/03. In July 2017, the book building procedure of the offer ended and Bradesco sold part of its shares. Bradesco Seguros now holds 15.23% stake in the share capital of IRB (stake calculated excluding shares held in treasury).

In June 2017, Bradesco entered into agreements with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A. to create a company to manage credit intelligence ("GIC"). The company will develop a database to add, reconcile and handle the profile and credit information of individuals and legal entities who authorize their inclusion in the database, as required by the applicable rules. The control of the company will be shared between the banks and each of them will hold 20% of its share capital.

BRAM has developed important alliances as part of its internationalization strategy, expanding the number of platforms through which its investment funds are offered in the European, Latin American and

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Asian markets. Through personal management and investment advisory agreements, we offer Brazilian investors the opportunity to invest in global equity funds, with a focus on the U.S., Europe and Asia, besides the global funds. In Europe, BRAM offers to overseas investors funds domiciled in Luxemburg with different strategies under the Bradesco Global Funds family, launched in 2009. In Japan, Mitsubishi Kosukai UFJ Asset Management ("MUKAM"), our partner, offers fixed income funds and equity funds managed by BRAM since 2008 to retail investors wishing to invest in the Brazilian market. In Chile our partner Larrain Vial offers to Chilean investors a variable income fund managed by BRAM since 2008.

Business strategy

The key elements of our strategy are: (i) consolidating and expanding our position as one of the leading financial institutions and insurance providers in Brazil; (ii) maximizing shareholder value; and (iii) maintaining high corporate responsibility and sustainability standards.

We intend to pursue the following strategies to reach these goals:

Consolidate and build upon our service network and brand as one of the leading financial institutions and insurance providers in Brazil, which offers a complete portfolio of products and services to all levels of society.

We believe that our position as one of the leading financial institutions in Brazil, with a presence in all Brazilian regions through a broad network of distribution channels and with exposure to individuals of all income levels as well as large, mid sized and small businesses, will allow us to maintain the organic growth strategy. We will also continue to expand the insurance, pension and capitalization bonds business segment, in order to consolidate our leadership in this sector. As part of this strategy, we intend to increase the sales of our traditional banking, insurance, pension and capitalization bonds products through our wide branch network, our internet distribution services and other distribution channels. We are committed to investing significantly in our IT platform to support such growth. In addition, we intend to continue to leverage our relationships with corporate clients and high-income individuals to further develop our investment banking, private banking and asset management operations through Bradesco BBI, Banco Bradesco Europa, Bradesco Securities and other subsidiaries in Brazil and other key financial centers such as London, New York and Hong Kong.

Maintain asset quality and operational risk levels.

We are focused on sustainable growth to ensure our standards in relation to our asset quality and risk levels. We intend to maintain the quality of our loan portfolio by continuously improving our delinquency risk models, ensuring better results in credit granting and appropriate provisions for incurred losses. Our strategy involves maintaining our existing policy for our insurance business of careful evaluation of risk spreads through robust actuarial analysis, while entering into reinsurance agreements with well-known reinsurers to reduce exposure to large risks.

With respect to risk management, we intend to continue our integrated approach that utilizes a centralized method for identifying, measuring, controlling, monitoring and mitigating credit, market, liquidity and operational risks. We intend to continue to use specialized risk management committees in relation to the adoption of institutional policies, operational guidelines and the establishment of limits for risk exposure in accordance with best international practices, with the aim of maintaining operational risk levels within adequate boundaries.

Complement organic growth with strategic alliances and pursue selective acquisitions.

To complement our organic growth strategy, we constantly seek opportunities for strategic alliances and selective acquisitions to consolidate our position as one of the leading financial institutions in Brazil and to expand our presence in growth markets such as consumer financing, investment banking, broker dealing and insurance. The acquisition of HSBC Brasil was the largest ever in our history and we expect an expansion of our operations, in particular, of profitable businesses and with low capital needs. In addition, we believe our strategic partnership with Banco do Brasil and Caixa in relation to credit, debit and pre-paid cards for checking account holders and non-account holders is an example of such a growth opportunity. Similarly, our merger with Odontoprev S.A. has increased our presence in the segment of dental care plans enabling us to consolidate our leadership position in the insurance market. We will continue to focus on asset quality, potential operating synergies, sale and acquisition of know-how to maximize return for our shareholders.

Focus on corporate responsibility and sustainability as core principles of our business.

We believe that corporate responsibility and sustainability are fundamental to our operations and have incorporated the following three principles into our overall strategy: a sustainable financial position, responsible management and investments in social and environmental projects. We are always seeking to develop and incorporate sustainable finance concepts into the process of designing and managing our products and services and in our relationships with clients and suppliers. We believe our admission to the sustainability indexes of both the New York Stock Exchange and B3 represents strong recognition of our success in implementing sustainability principles. As part of this strategy, we will continue to apply social-environmental risk analysis in financing and investment activities in accordance with international practices, including the Equator Principles which we signed up to in 2004. Corporate responsibility has always been one of our core principles as evidenced by the significant investments we have made in education since 1956 through Fundação Bradesco, which is present in every state in Brazil and the Federal District, with 40 schools primarily located in regions of high socioeconomic deprivation. Fundação Bradesco offers quality formal education, free of charge, to children and young people from early childhood to high school as well as professional high school education for young people and adults, as well as initial and continuing education for employment and income.

4.B. Business Overview

We operate and manage our business through two segments: (i) the banking segment; and (ii) the insurance, pension plans and capitalization bond segment.

The data for these segments was compiled from reports prepared for Management to assess performance and make decisions on allocating funds for investments and other purposes. Management uses various data, including financial data in conformity with BR GAAP and non-financial metrics compiled on different bases. For further information on differences between the results on a consolidated basis and by segment, see "Item 5.A. Operating Results - Results of operations for the year ended December 31, 2017 compared with the year ended December 31, 2016" and "Item 5.A. Operating Results - Results of operations for the year ended December 31, 2016 compared with the year ended December 31, 2015."

As of December 31, 2017, according to the sources cited in parentheses below, we were:

- one of the leading banks in terms of savings deposits, with R$103.3 billion, accounting for 18.3% of Brazil's total savings deposits (Central Bank);

- one of the leaders in BNDES onlendings, with R$5.9 billion in disbursements (BNDES);

- one of the leaders in automobile financing loans, with a market share of 13.8% (Central Bank);

- the leading bank in benefit payments from the INSS, with over 10.7 million INSS retirees, beneficiaries and other pensioners, accounting for 30.9% of the total number of INSS beneficiaries (INSS);

- one of the leaders in leasing transactions in Brazil, with an outstanding amount of R$2.2 billion; through our subsidiary Bradesco Leasing S.A. Arrendamento Mercantil, or "Bradesco Leasing" (ABEL);

- Brazil's largest private fund and investment manager, through our subsidiary BRAM, with R$666.6 billion in assets under management (ANBIMA), taking into account managed portfolios;

- one of the leaders in the third-party asset management business, with R$591.5 billion in managed assets, in addition to R$222.2 billion in assets managed though our subsidiary and BEM, specialized in trust, custody and controllership of asset management services (ANBIMA);

- the leader in number of outstanding purchasing consortium quotas, through our subsidiary Bradesco Administradora de Consórcios Ltda., or "Bradesco Consórcios," with 1,410,736 quotas in three segments, including: (i) automobiles and motorcycles, with 1,113,860 quotas; (ii) real estate, with 249,893 quotas; and (iii) trucks/tractors/machinery and equipment, with 46,983 quotas (Central Bank); and

- the largest company operating in the Brazilian insurance market, operating in all lines of this segment, with a 25.9% market share (SUSEP/ANS), through Grupo Bradesco Seguros, which mainly comprises: Bradesco Seguros S.A., or "Bradesco Seguros" and its subsidiaries: (i) Bradesco Vida e Previdência S.A., or "Bradesco Vida e Previdência;" (ii) Bradesco Capitalização S.A., or "Bradesco Capitalização;" (iii) Bradesco Auto/RE Companhia de Seguros S.A., or "Bradesco Auto/RE;" and (iv) Bradesco Saúde S.A., or "Bradesco Saúde." The Group's total revenues in 2017 were R$76.3 billion in insurance premiums, pension plan contributions and capitalization bond income.

The main awards and acknowledgments that we received in 2017 are as follows:

- the most valuable brand in the Brazilian financial market, according to the ranking published by IstoÉ Dinheiro magazine in partnership with consultancy firm Kantar Vermeer, a division of the British WPP group;

- was ranked in the first position in the "Financial Sector" category and mentioned among the "10 most innovative companies in Brazil", in the third yearbook *Valor Inovação Brasil* (*Valor Econômico* Newspaper and Consultoria Network PwC);

- Bradesco BBI was awarded the title of best investment bank of Brazil in 2017 in the 17^{th} edition of "Best Investment Banks of the world" (Global Finance magazine);

- BRAM led the ranking Best Funds for Institutional Investors (*Investidor Institucional* magazine);

- chosen as the best manager in wholesale and multimarket funds in the country (*Exame* magazine, based on the survey by *Fundação Getúlio Vargas*);

- Bradesco BBI was recognized as the "best investment bank in Brazil" (Euromoney magazine);

- received the "efinance 2017" award, in the categories "CIO of the Year, Back Office, Project Management, IT Governance, Foreign Exchange in ATM and Credit App" (*Executivos Financeiros* magazine);

- received the "Estadão Empresas Mais" award, in the category "Banks" (*O Estado de S. Paulo* newspaper in partnership with *Fundação Instituto de Administração* – FIA and Austin Ratings);

- received the IT Leaders 2017 award, in the categories of Banks and Insurers and for the second consecutive year, achieved the first position in the ranking of Top 100 IT Leaders 2017 (17^{th} edition of Computerworld);

- for the first time, was selected to integrate the "Best Emerging Markets Performers Ranking" (Vigeo EIRIS Agency);

- elected as the most innovative company in the use of IT, as winner of the award “The 100+ Innovative in the Use of IT” with the next case (IT Media in partnership with PricewaterhouseCoopers PwC);

- largest private group in the "*Valor Grandes Grupos*” ranking (*Valor Econômico* newspaper);

- Bradesco Seguros received the "Notable Companies" award, in the Insurance, Health, Pension and Capitalization segment (Standard Intelligence Center – CIP, in partnership with the *Consumidor Moderno* magazine); and

- highlight of the “Folha Top of Mind’ survey, as the private financial institution most present in the mind of Brazilians (Datafolha).

Revenues per business segment

The following table summarizes our main gross revenues by segment for the periods indicated:

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Years Ended December 31,	R$ in thousands		
	2017	2016	2015
Banking			
Interest and similar income from loans and advances [1]	69,157,397	77,141,672	69,877,296
Fees and commissions	24,143,561	20,696,785	19,195,003
Insurance and pension plans			
Premiums retained from insurance and pension plans	70,046,635	65,027,122	58,760,780

[1] Includes industrial loans, financing under credit cards, overdraft loans, trade financing and foreign loans.

For further details of our segments, see Note 5 of our consolidated financial statements in "Item 18. Financial Statements."

We do not break down our revenues by geographic regions within Brazil, and less than 3.0% of our revenues come from international operations. For more information on our international operations, see "International banking services."

Banking

In our banking segment, we offer a range of banking products and services to our clients including deposit-taking, granting of loans and advance payments, debit and credit card services and capital market solutions, through our extensive distribution network.

We have a diverse customer base that includes individuals and small, midsized and large companies in Brazil. Historically, we have cultivated a strong presence among the broadest segment of the Brazilian market, middle- and low-income individuals.

The following table shows selected financial data for our banking segment for the periods indicated.

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Year ended December 31,	Banking - R$ in thousands		
	2017	**2016**	**2015**
Statement of Income data			
Net interest income	46,997,327	49,156,109	46,934,849
Impairment of loans and advances	(17,895,929)	(18,829,460)	(16,479,985)
Other income/(expenses) [1]	(18,939,329)	(13,034,164)	(31,200,150)
Income before income taxes	**10,162,069**	**17,292,485**	**(745,286)**
Income tax and social contribution	(887,289)	(7,995,420)	12,621,169
Net income for the year	**9,274,780**	**9,297,065**	**11,875,883**
Net income attributable to controlling shareholders	9,272,962	9,293,766	11,874,609
Net income attributable to non-controlling interest	1,818	3,299	1,274
Statement of Financial Position data			
Total assets	988,063,541	921,916,290	894,579,942
Selected results of operations data			
Interest and similar income			
Loans and advances to banks	5,073,435	8,689,347	8,031,038
Loans and advances to customers	64,083,962	68,452,325	61,846,258
Financial assets	34,194,879	35,709,708	32,283,414
Compulsory deposits with the Central Bank	4,881,319	5,667,516	4,587,412
Other financial interest income	68,553	66,210	58,905
Interest and similar expenses			
Deposits from banks	(29,397,587)	(30,542,950)	(31,212,421)
Deposits from customers	(13,279,231)	(15,462,989)	(12,392,644)
Funds from securities issued	(13,527,986)	(17,124,503)	(11,597,283)
Subordinated debt	(5,100,017)	(6,298,555)	(4,669,830)
Net interest income	**46,997,327**	**49,156,109**	**46,934,849**
Net fee and commission income	**24,143,561**	**20,696,785**	**19,195,003**

Note: Inter segment transactions have not been eliminated.
[1] For additional information, see "Item 5.A. Operational Results".

Products and banking services

In order to meet the needs of each client, we offer the following range of banking products and services:

- deposit-taking with clients, including checking accounts, savings accounts and time deposits;

- loans and advances (individuals and companies, housing loans, microcredit, onlending BNDES/Finame, rural credit, leasing, among others);

- credit cards, debit cards and pre-paid cards;

- cash management solutions;
- public authority solutions;
- asset management;
- services related to capital markets and investment banking activities;
- intermediation and trading services;
- capital markets solutions;
- international banking services;

- import and export financing; and
- consortiums.

Deposit-taking with clients

We offer a variety of deposit products and services to our customers mainly through our branches, including:

- Non-interest-bearing checking accounts, such as:

- **Easy Account** (*Conta Fácil*) – Target market: Individuals and companies that have a checking account and a savings account under the same bank account number, using the same card for both accounts;

- **Click Account** (*Click Conta*) – Target market: checking accounts for young people from 11 to 17 years of age, with exclusive website and debit card, automatic pocket money service and free online courses, among other benefits; and

- **Academic Account** (*Conta Universitária*) – Target market: low fee checking account for college students, with subsidized credit conditions, exclusive website and free online courses, among other benefits.

- traditional savings accounts, which currently earn the Brazilian reference rate, or *taxa referencial*, known as the "TR," plus 6.2% annual interest in the case the SELIC rate is higher than 8.5% *p.a.* or TR plus 70.0% of the SELIC rate if the SELIC rate is lower than 8.5% *p.a.*; and

- time deposits, which are represented by Bank Deposit Certificates (*certificados de depósito bancário* – or "CDBs"), and earn interest at a fixed or floating rate.

As of December 31, 2017, we had 25.8 million checking account holders, 24.3 million of which were individual account holders and 1.5 million of which were corporate account holders. As of the same date, we had 63.4 million savings accounts.

The following table shows a breakdown of our deposits from customers by type of product on the dates indicated:

December 31,	R$ in thousands, except %					
	2017		2016		2015	
Deposits from customers						
Demand deposits	**33,058,324**	**12.6%**	**32,521,234**	**14.0%**	**23,012,068**	**11.8%**
Reais	30,392,388	11.6%	30,936,451	13.3%	21,122,202	10.9%
Foreign currency	2,665,936	1.0%	1,584,783	0.7%	1,889,866	1.0%

Savings deposits	**103,332,697**	**39.4%**	**97,088,828**	**41.7%**	**91,878,765**	**47.2%**
Reais	103,332,697	39.4%	97,088,828	41.7%	91,878,765	47.2%
Time deposits	**125,617,424**	**47.9%**	**103,137,867**	**44.3%**	**79,619,267**	**40.9%**
Reais	115,684,855	44.2%	87,286,295	37.5%	53,932,917	27.7%
Foreign currency	9,932,569	3.8%	15,851,572	6.8%	25,686,350	13.2%
Total	**262,008,445**	**100.0%**	**232,747,929**	**100.0%**	**194,510,100**	**100.0%**

Loans and advances to customers

The following table shows loans and advances to customers broken down by type of product on the indicated dates:

December 31,	R$ in thousands 2017	2016	2015
Loans and advances to individuals outstanding by type of operation			
Other loans and advances to individuals	88,893,464	84,165,325	80,070,794
Housing loans	59,963,375	60,458,038	48,114,515
Onlending BNDES/Finame	30,655,666	35,816,560	38,158,108
Other corporate loans and advances	97,248,815	107,951,154	107,047,136
Rural loans	13,642,478	14,422,799	13,710,274
Leasing	2,249,859	2,738,611	3,072,777
Credit cards	37,568,984	37,407,733	30,943,428
Import and export financings	43,591,024	49,123,653	49,206,636
Total	**373,813,665**	**392,083,873**	**370,323,668**

The following table summarizes concentration for our outstanding loans and advances to customers by borrower on the dates shown:

December 31,	2017	2016	2015
Borrower size			
Largest borrower	2.5%	2.3%	2.8%
10 largest borrowers	8.2%	8.5%	9.2%
20 largest borrowers	12.2%	12.6%	13.3%
50 largest borrowers	17.8%	18.5%	19.5%
100 largest borrowers	22.2%	23.0%	23.8%

Other loans and advances to individuals

Our significant volume of individual loans enables us to avoid concentration on any individual loans on the performance of our portfolio and helps build customer loyalty. They consist primarily of:

- personal loans with pre-approved overdraft facilities to be obtained through our branches, ATM network, call center, mobile and internet banking, with average repayment terms in six months with an average interest rate of 8.6% per month as of December 31, 2017. It also includes payroll-deductible loans to INSS pension plan beneficiaries and retirees and public servants and private sector employees;

- vehicle financings with average repayment terms of 14 months with an average interest rate of 1.4% per month as of December 31, 2017; and

- overdraft loans on checking accounts - "*cheque especial*," with average repayment terms of one month, at interest rates varying from 3.0% to 13.3% per month as of December 31, 2017.

As of December 31, 2017, we had outstanding personal loans, vehicle financings, and overdraft loans totaling R$88.9 billion, or 23.8% of our portfolio of loans and advances to customers.

Banco Bradesco Financiamentos ("Bradesco Financiamentos") offers (i) lines of loans and leasing for the acquisition of vehicles and (ii) payroll-deductible loans to INSS retirees and pensioners and public-sector employees (federal, state and municipal) through our extensive network of correspondents in Brazil, which includes retailers and dealers of light and heavy vehicles and motorcycles and companies specialized in payroll-deductible loans.

Housing loans

As of December 31, 2017, we had 170.2 thousand active financing contracts under mortgage or fiduciary disposal of real estate. The aggregate outstanding amount of our housing loans amounted to R$59.9 billion, representing 16.0% of our portfolio of loans and advances to customers.

Housing loans are carried out for the purpose of: (i) acquisition of residential and commercial real estate, and urban plots; and (ii) construction of residential and commercial developments.

Financing for the acquisition of residential real estate has a maximum term of up to 30 years and annual interest rates of 9.3% to 12.0% *per annum*, plus TR, while commercial real estate has a maximum term of up to ten years and annual interest rates of 9.7% to 15.0% *p.a.* plus TR.

Financing for construction, also known as the Businessman Plan, has a construction term of up to 36 months and interest rate of 12.0% to 16.0% *per annum*, plus TR, and a six-month grace period for the realization of transfers to borrowers. However, if the debt is not paid in full through the transfer of loans to the buyers of the units once construction is finished, the remaining balance must be paid by the builder within 36 months and at TR plus 16.0% to 18.0% *per annum*.

Central Bank regulations require us to provide at least 65.0% of the balance of savings accounts in the form of housing loans; 24.5% in compulsory deposit requirement and the remaining resources, in financial and other transactions according to the law and regulations in force.

BNDES onlending/FINAME

The government has certain products and programs to provide government-funded long-term loans with below-market or subsidized interest rates, focusing on economic development. We are structuring agents of BNDES funds, which is the development bank of the Brazilian government. We then on-lend these funds to borrowers in several sectors of the economy. We determine the spread on some of the loans based on the borrowers' credit. Although we bear the risk for these BNDES and FINAME onlending transactions, these transactions are always secured.

According to BNDES, in 2017, we disbursed R$5.9 billion, 72.6% of which was loaned to micro, small and medium-sized companies. Our BNDES onlending portfolio totaled R$30.7 billion as of December 31, 2017, and accounted for 8.2% of our portfolio of loans and advances to customers at that date. This amount does not include BNDES onlending related to rural credit and import and export financing.

Other corporate loans and advances

We provide traditional loans for the ongoing needs of our corporate customers. As of December 31, 2017, we had R$97.2 billion of other outstanding loans to corporate clients, accounting for 26.0% of our portfolio of loans and advances to customers. We offer a range of loans to our corporate customers based in Brazil, including:

- short-term loans of 29 days or less;
- working capital loans to cover our customers' cash needs;
- guaranteed checking accounts and corporate overdraft loans;
- discounting trade receivables, promissory notes, checks, credit card and supplier receivables, etc.;
- financing for purchase and sale of goods and services; and

- investment lines for acquisition of assets and machinery.

These lending products generally bear interest at a rate of 1.1% to 13.4% per month.

In addition to these loans, we also offer guarantees, which are a contractual commitment, in which we guarantee the fulfilment of the obligations of our customers (debtors) before third parties (beneficiaries).

Rural credit

We extend loans to the agricultural sector financed by compulsory deposits, or the Amount Subject to Compulsory Deposit Requirement (“VSR”), BNDES onlendings and our own funds, in accordance with Central Bank regulations. As of December 31, 2017, we had R$13.6 billion in outstanding rural credit, representing 3.6% of our portfolio of loans and advances to customers. In accordance with Central Bank regulations, loans arising from compulsory deposits are paid a fixed rate. The annual fixed rate was 8.5%, on average, as of December 31, 2017. Repayment of these loans generally coincides with agricultural harvest and principal is due when a crop is sold. For BNDES onlending for rural investment the term is no more than ten years with repayments on a semi-annual or annual basis. As security for such loans, we generally obtain a mortgage on the land where the agricultural activities being financed are conducted.

Since July 2012, Central Bank regulations require us to use at least 34.0% of the annual average (from June through May) of our VSR to provide loans to the agricultural sector.

Leasing

According to ABEL, as of December 31, 2017, our leasing companies were among the sector leaders, with a 18.2% market share. According to this source, the aggregate discounted present value of the leasing portfolios in Brazil as of December 31, 2017 was R$12.2 billion.

As of December 31, 2017, we had 12,243 outstanding leasing agreements totaling R$2.2 billion, representing 0.6% of our portfolio of loans and advances to customers.

The Brazilian leasing market is dominated by financial institutions, including companies affiliated with Brazilian and foreign manufacturers. Brazilian lease contracts generally relate to motor vehicles, computers, industrial machinery and other equipment.

Most of our leasing transactions are financial (as opposed to operational). Our leasing transactions primarily involve the leasing of trucks, cranes, aircraft, ships and heavy machinery. As of December 31, 2017, 44.4% of our outstanding leasing transactions were for vehicles.

We conduct our leasing transactions through our primary leasing subsidiary, Bradesco Leasing and also through Bradesco Financiamentos.

We obtain funding for our leasing transactions primarily by issuing debentures and other securities in the domestic market.

As of December 31, 2017, Bradesco Leasing had R$63.6 billion of debentures outstanding in the domestic market. These debentures will mature in 2032 and bear monthly interests at the interbank interest rate ("CDI rate").

Terms of leasing agreements

Financial leases represent a source of medium and long-term financing for Brazilian customers. Under Brazilian law, the minimum term of financial leasing contracts is 24 months for transactions relating to products whose average useful life of five years or less, and 36 months for transactions for those with an average useful life of five years or more. There is no legal maximum term for leasing contracts. As of December 31, 2017, the remaining average maturity of contracts in our lease portfolio was approximately 61 months.

Targeted Production Microcredit

We offer a product named "targeted production microcredit" to formal and informal entrepreneurs, in accordance with Central Bank regulations requiring banks to use 2.0% of their cash deposits to provide microcredit loans. As of December 31, 2017, we had 34,508 microcredit loans outstanding, totaling R$110.1 million.

In accordance with Central Bank regulations, consumer microcredit transactions are charged up to a maximum effective interest rate of 2.0% per month. However, microcredit loans for certain types of business or specific products ("*microcrédito produtivo orientado*") have a maximum effective interest rate of up to 4.0% per month. The CMN requires by Resolution No. 4,000/12 and other rules that the maximum amount loaned to a borrower be limited to (i) R$2,000 for low income individuals in general (consumer microcredit); (ii) R$5,000 for individuals or legal entities engaged in a productive activity of professional, commercial or industrial nature, provided that the sum of the value of the transaction and the balance of other credit transactions does not exceed R$40,000; and (iii) R$15,000 for our *microcrédito produtivo orientado* transactions. In addition, microcredit loans may not be for less than 120 days, and the origination fee must be up to 2.0% of the loan value for individuals and up to 3.0% for micro entrepreneurs. In 2017, the Federal Government updated some rules of the National Program of Targeted Productive Microcredit (PNMPO) through Provisional Measure No. 802/17, providing special conditions for the grant of credit to individuals and legal entities that are entrepreneurs of urban and rural productive activities and have income and annual gross revenues under R$200,000.00.

Credit cards

We offer a range of credit cards to our clients including Elo, American Express, Visa, MasterCard brands and private label cards, which stand out due to the extent of benefits and convenience offered to associates.

We earn revenues from our credit card operations through:

- fees on purchases carried out in commercial establishments;
- issuance fees and annual fees;
- interest on credit card balances;
- interest and fees on cash withdrawals through ATMs; and

- interest on cash advances to cover future payments owed to establishments that accept credit cards.

We offer our customers a complete line of credit cards and related services, including:

- cards issued for use restricted to Brazil;

- credit cards accepted nationwide and internationally;

- credit cards directed toward high net worth customers, such as Gold, Platinum, Infinite/Black and Nanquim from Elo, Visa, American Express and MasterCard brands;

- multiple cards that combine credit and debit features in a single card, which may be used for traditional banking transactions and shopping;

- co-branded credit cards, which we offer through partnerships with companies;

- "affinity" credit cards, which we offer through associations, such as sporting clubs and non-governmental organizations; and

- private label credit cards, which we only offer to customers of retailers, designed to increase business and build customer loyalty for the corresponding retailer, which may or may not have a restriction on making purchases elsewhere, among others.

We hold 50.01% of the shares of Elopar, an investment holding company which investments include Alelo (benefit cards, pre-paid and money card), Livelo (coalition loyalty program), Stelo (digital portfolio for online purchases), as well as participations in Elo Serviços (brand) and Banco CBSS and Ibi Promotora (stores for sales of cards, personal credit, consigned credit and other products). We hold 30.06% of the shares of Cielo S.A.

We also have a card business unit abroad, Bradescard Mexico, which has a partnership with C&A and also with Suburbia stores and with the LOB and Bodega Aurrera store chains.

With the acquisition of HSBC Brasil, our credit card portfolio was expanded, consolidating our position in the domestic financial market.

As of December 31, 2017, we had several partners with whom we offered co-branded, affinity and private label/hybrid credit cards. These relationships have allowed us to integrate our relationships with our customers and offer our credit card customers banking products, such as financing and insurance.

In April 2017, the Resolution No. 4,549/17 materially changed the rules relating to revolving credit applicable to credit card balances. As per the rule, the balance can only stay in revolving credit until the maturity of the subsequent invoice, when the client must settle the balance plus any interest for the period. The bank may offer to the client another form of financing with better conditions in relation to those practiced in the revolving credit modality, including waiving financial charges.

The following table shows our volume of transactions and total number of transactions of credit cards for the years indicated:

	In millions		
	2017	**2016**	**2015**
Volume traded - R$	176,893.5	159,172.5	140,063.8
Number of transactions	1,991.0	1,784.0	1,530.3

With the mission of providing security solutions aligned to our business and creating, implementing, and maintaining preventive rules, processes and technologies, we have a department to prevent credit card fraud. This department acts strategically in the security of the use and service channels, systems and processes of the product, assessing, treating, and suggesting improvements. The department also issues technical opinions in connection with strategic security issues and implementation of products, services or processes.

Among the main "Corporate Security Global Vision" responsibilities, we highlight the following:

- the strategy area to prevent credit card fraud has the mission of identifying and mitigating risks of financial losses and negative impacts to the image of the Bank. It develops prevention strategies to documental and transactional fraud, monitoring and alerting in real time the onboarding of the product as well as all transactions made through the customer service and use channels. The actions are based on behavioral analyses of fraud, supported by statistical methodologies and predictive models of fraud, in order to ensure controls aligned to the business. The area also works on the diagnosis of losses to identify systemic and operational weaknesses, recommending preventive actions and the alignment with the current strategy when necessary;

- the projects and processes area establishes controls for the identified risks and is responsible for evaluating the risk of fraud and issuing recommendations on new projects, processes and products. The area proposes to the managers of the business and technical areas solutions that aim to balance the use and the security of the products and access to service channels, as well as corporate and strategic actions, which envisage the best practices of the market focused on preventive actions; and

- the portfolio analysis area is responsible for managing and providing information from the fraud prevention area to the other areas of the organization.

Import and Export Financing

For information on Import and Export Financing, see "Item 4.B. Business Overview – Foreign branches and subsidiaries."

Cash Management Solutions

Management of accounts payable and receivable - In order to meet the cash management needs of our customers in both public and private sectors, we offer many solutions for managing accounts payable and receivable, supported by our network of branches, bank correspondents and electronic channels, all of which aim to improve speed and security for customer data and transactions. The solutions provided include: (i) receipt and payment services and (ii) resource management, enabling our customers to pay suppliers, salaries, and taxes and other levies to governmental or public entities. These solutions, which can also be customized, facilitate our customers' day-to-day tasks and help to generate more business. We also earn revenues from fees and investments related to collection and payment processing services, and by funds in transit received up to its availability to the related recipients.

Solutions for receipts and payments - In 2017, we settled 1.1 billion invoices through the services of *Cobrança* Bradesco and 533 million of receipts by the tax collection systems and utility bills (such as water, electricity, telephone and gas), checks custody service, identified deposits and credit orders. The legal entity systems processed 1 billion documents related to payments to suppliers, salaries and taxes.

Global Cash Management - Global Cash Management aims at structuring solutions to foreign companies operating in the Brazilian market and Brazilian companies making business in the international market. By way of customized solutions, partnerships with international banks and access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network, we offer products and services for carrying out the cash management of these companies.

***Niche Markets* -** We operate in various niche markets, such as education, health, condominiums, country clubs, expeditors and driving schools, transportation, franchising, and religion, among others, where our clients have the support of a specialized team with the mission of structuring custom solutions that add value to their business.

As an example, the Franchising & Business niche has a team of franchising specialists that, through their relationship with franchising companies, identify opportunities for financing and providing services to all franchisees and their employees. The partnership with the franchise networks occurs through structured commercial activities in synergy with the managing departments, commercial segments, and affiliated companies. The focus on the peculiarities of this sector creates a competitive and sustainable position by structuring appropriate solutions and, in particular, through the strategy of providing differentiated and specialized service. We have approximately 400 agreements in place with franchising companies, generating numerous opportunities to open new current accounts and leveraging business with the respective franchisees.

Another important feature in this area is the support we provide towards the development of Local Production Arrangements ("APLs"), by providing service to businesses and assistance to these clients. Participating in an APL strengthens the companies, because together they can form an articulated and important group for local development, allowing for greater competitive and sustainable advantages for micro and small businesses. Currently, we service 419 APLs throughout the country.

Public authority solutions

4.B. Business Overview
Form 20-F

We have a specific area dedicated to serving public administration, which offers specialized services aimed at identifying business opportunities and structuring customized solutions to entities and bodies of the Executive, Legislative and Judiciary branches at federal, state and municipal levels, in addition to independent governmental agencies, public foundations, state-owned and mixed companies, the armed forces (army, navy and air force) and the auxiliary forces (federal and state police forces).

Our exclusive website developed for our customers (www.bradescopoderpublico.com.br) offers corporate solutions for federal, state and municipal governments for payments, receipts, human resources and treasury services. The website also features exclusive facilities for public employees and the military, showing all of our products and services for our customers.

Our relationships with such public authorities are developed and maintained by specialized business managers located in distribution platforms throughout the country, which can be identified on our website.

In 2017, we created six specialized platforms to assist governments, capitals, courts, class councils, chambers, prosecutors, public defenders and 100 largest municipalities according to the Brazilian GDP. We took part and were successful in bidding processes sponsored by the Brazilian government. Furthermore, according to INSS, we continue to be leaders in payments of INSS benefits, with more than 10.7 million retirees and pensioners.

Asset management and administration

BRAM manages third-party funds through:

- mutual funds;
- managed portfolios;
- exclusive funds; and
- receivable funds (FIDCs – *Fundos de Investimento em Direitos Creditórios*) and FIIs (Real Estate Investment Funds).

Management of funds and portfolios - On December 31, 2017, BRAM managed 1,187 funds and 216 portfolios, providing services to 3.2 million investors. Among its biggest customers are all the main segments of Bradesco, like Prime, Corporate, Private, *Varejo* (Retail), Bradesco Empresas (for more information on our segmentation, see “Segmentation of clients”) and Grupo Bradesco Seguros, in addition to institutional investors in Brazil and abroad. These funds comprise a wide group of fixed-income, non-fixed income, investments abroad and multimarket funds, among others.

The following tables show the equity of funds and portfolios which are under our management, the number of investors and the number of investment funds and managed portfolios for each period:

Equity under Management by Type of Investment as of December 31,	**R$ in thousands**	
	2017	**2016**
Investment Funds		
Fixed income	550,505,210	519,945,330
Variable income	9,122,195	7,108,509
Third party share funds	54,106,357	42,432,619
Total	**613,733,762**	**569,486,458**
Managed Portfolios		
Fixed income	45,038,875	33,083,205
Variable income	7,880,085	