

BANK BRADESCO
Form 6-K
November 16, 2018

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

FORM 6-K

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

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

BANCO BRADESCO S.A.

(Exact name of registrant as specified in its charter)

BANK BRADESCO

(Translation of Registrant's name into English)

Cidade de Deus, s/n, Vila Yara

06029-900 - Osasco - SP

Federative Republic of Brazil

(Address of principal executive office)

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

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

Yes ☐ No ☒

Net Interest Income Breakdown and Analysis

Average Net Interest Income Rate

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

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

Interest Earning Portion – Average Rates (12 months)

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

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

as ALM/other. For the purposes of comparability, the previous periods have been reclassified; and

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

Interest Earning Portion – Volume Variation vs. Spread

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

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

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

portion - due to
spread

**Variation NII -
Interest-Earning**

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

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

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

Flow of Maturities ⁽¹⁾

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

(1) Only normal course operations.

DelinquencyRatio

Over 90 days

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

15-90 days

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

Over 90 days

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

Effective Coverage Ratio

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

NPL Creation – 90 days vs. Write-offs

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

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

Coverage Ratio

Following the constant improvement of the indicators of delinquency, coverage ratios showed another quarter with improvement, reaching very satisfying levels. Along with the allowance for loan losses required by Bacen, we have an excess provision of R\$6.9 billion to cover possible adverse scenarios, as well as other operations and commitments related to credit risk.

Bacen Portfolio vs. Expanded Portfolio

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

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

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

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

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

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

Expanded Loan Portfolio Breakdown by Customer Profile, Product and Currency

R\$ million

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

Expanded Loan Portfolio Concentration – By Economic Sector

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

Changes in the Expanded Loan Portfolio – by Rating

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

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

Rating

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

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

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

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

Portfolio by Debtors

Bacen Portfolio Indicators

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

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

Funds Raised and Managed

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

(1) Does not consider debentures.

Loans vs. Funding

In order to analyze loan operations in relation to funding, the following should be deducted from the total client funding the amount committed to reserve requirements at Bacen,

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

the amount of funds available within the customer service network and the addition of funds from domestic and foreign lines of credit that finance the demand for loans. We show low dependency on interbank deposits and foreign lines of credit, given its capacity to obtain funding from clients effectively.

sector.

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

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

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

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

Consolidated Balance Sheet

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

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

Consolidated Statement of Income

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

(1) It includes reinsurance premiums.

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

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

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

Evaluation of Participants and Life and Personal Accident Policyholders

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

Number of Bradesco Saúde and Mediservice Policyholders

Capitalization Bonds

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

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

Auto and Property & Casualty

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

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

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

Highlights

The income increase within 12 months reflects the good performance in practically all the lines. The decrease observed between the current and the previous quarter, reflects the lower activity in the capital market, impacting our incomes of underwriting/ financial advisory services, the lower volumes negotiated on the market that influenced the performance of the brokerage revenues and the lower incomes of loan operations, given the strong performance in 2Q18 of this revenue. We highlight that the good performance of revenue derives from the largest volume of operations, driven by a greater supply of products and services, widely available in digital and traditional channels and the higher number of business

days. The results also show signs of constant improvements in the management of the products and services portfolio, as well as with benefits of the process of segmentation of clients and the gains of synergies obtained with the acquisition of HSBC Brasil.

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

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

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

Personnel and Administrative Expenses

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

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

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

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

Operating Coverage Ratio ⁽¹⁾

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

Other Operating Expenses, Net of Income

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

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

Basel Ratio

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

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

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

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

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

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

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- (1) According to the non-recurring events described on page 5 of this Economic and Financial Analysis Report;
 - (2) For more information, please check note 4 – Balance Sheet and Managerial Statement of Income, in “Complete Financial Statements” of this report;
 - (3) In the last 12 months;
 - (4) For comparison purposes, shares were adjusted in accordance with bonuses and stock splits of the period;
 - (5) Excluding mark-to-market effect of Available-for-Sale Securities recorded under Shareholders’ Equity;
 - (6) Year-to-Date RecurringNet Income;
 - (7) Index calculation has followed regulatory guidelines set forth in Resolutions No. 4,192/13 (Prudential Conglomerate) and No. 4,193/13 (Basel III);
 - (8) Excludes additional reserves;
 - (9) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period’s last trading day;
 - (10) Overdue loans; and
 - (11)
$$ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Net Interest Income} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$$
-

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

3Q18 x 2Q18

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

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

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

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

(2) It includes reclassifications in items from the statement of income which do not affect the Net Income, but allow a better analysis of business items, hedge adjustment, which is the partial result of derivatives used for hedge investments abroad,

which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$1,584 million in 3Q18 and R\$6,971 million in 4Q18;

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

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

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

9M18 x 9M17

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

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

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

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

(2) It includes reclassifications in items from the statement of income which do not affect the Net Income, but allow a better analysis of business items, particularly hedge adjustments, the partial result of derivatives used for hedge investments

abroad, which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$8,761 million in 9M18 and R\$1,188 million in 9M17;

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

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

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

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

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

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

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Service Channels

| | Sept18 | June18 | Sept17 | Variation % Sept18 x June18 | Sept18 x Sept17 |
|--|--------|--------|---------|-----------------------------------|--------------------|
| Structural Information - Units | | | | | |
| Customer Service Points | 75,804 | 74,814 | 73,209 | 1.3 | 3.5 |
| - Branches | 4,652 | 4,700 | 4,845 | (1.0) | (4.0) |
| - PAs | 3,873 | 3,903 | 3,908 | (0.8) | (0.9) |
| - PAEs | 916 | 929 | 980 | (1.4) | (6.5) |
| - Offsite ATM Network - Bradesco | 54 | 54 | 64 | - | (15.6) |
| - Banco24Horas Network | 12,143 | 11,694 | 10,840 | 3.8 | 12.0 |
| - Bradesco Expresso (Correspondent Banks) | 39,100 | 38,717 | 39,062 | 1.0 | 0.1 |
| - Bradesco Financiamentos | 14,993 | 14,741 | 13,435 | 1.7 | 11.6 |
| - Losango | 60 | 63 | 63 | (4.8) | (4.8) |
| - Branches / Subsidiaries Abroad / Representation office | 13 | 13 | 12 | - | 8.3 |
| ATMs | 57,898 | 57,697 | 56,860 | 0.3 | 1.8 |
| - Onsite Network - Bradesco | 35,389 | 35,531 | 35,854 | (0.4) | (1.3) |
| - Banco24Horas Network | 22,509 | 22,166 | 21,006 | 1.5 | 7.2 |
| Employees | 98,159 | 97,683 | 100,688 | 0.5 | (2.5) |
| Outsourced Employees and Interns | 14,990 | 15,016 | 15,376 | (0.2) | (2.5) |
| Customers - In millions | | | | | |
| Total Customers ⁽¹⁾ | 71.2 | 71.2 | 69.4 | - | 2.6 |
| Account Holders ⁽²⁾ | 28.1 | 28.1 | 27.7 | - | 1.4 |
| Savings Accounts | 59.7 | 57.9 | 59.2 | 3.1 | 0.8 |
| Insurance Group | 52.4 | 52.2 | 51.5 | 0.4 | 1.7 |
| - Policyholders | 46.7 | 46.3 | 45.7 | 0.9 | 2.2 |
| - Pension Plan Participants | 2.9 | 3.1 | 2.8 | (6.5) | 3.6 |
| - Capitalization Bond Customers | 2.8 | 2.8 | 3.0 | - | (6.7) |
| Bradesco Financiamentos | 1.3 | 1.3 | 1.3 | - | - |

(1) Excludes overlap of clients; and

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

Market Share of the Branches

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

business areas and supporting areas.

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

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

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

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

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

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

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

According to CNSP Resolution No. 321/15, amended by Resolution No. 360/17, corporations should have an adjusted shareholders' equity (ASE) equal to or higher than the minimum capital required (MCR). MCR is equivalent to the base capital or the risk capital, whichever is higher. According to CNSP Resolution No. 343/16, the ASE is valued economically, and should be calculated based on shareholders' equity or net assets, considering the accounting adjustments and adjustments associated with changes in economic values. For companies regulated by the ANS, Normative Resolution No. 373/15 establishes that corporations should have adjusted shareholders' equity (ASE) equal to or higher than the Solvency Margin.

The capital adjustment and management process is continuously monitored and aims to ensure that Grupo Bradesco Seguros keeps a solid capital base to support the development of activities and cope with the risks in any market situation, in compliance with regulatory requirements and/or Corporate Governance principles.

Companies must permanently maintain capital compatible with the risks for their activities and operations, according to the characteristics of each company belonging to Grupo Bradesco Seguros, represented by adequate capital levels. Grupo Bradesco Seguros permanently observes the limits required by the respective regulatory entities. The Minimum Capital Required in August 2018 was R\$11.4 billion.

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

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

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

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

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

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

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

Senior Management and all employees are committed to compliance with the laws and regulations applicable to their activities, as well as business conduct by observing high standards of conduct and ethics. To ensure the practise of these commitments there are policies, standards, processes and systems for the monitoring of conduct, channels and mechanisms for handling complaints, in addition to a specific department (DCCE – Department of Compliance, Conduct and Ethics) for responses throughout the program. These components are supported by Committees linked to the Board of Directors, such as Ethical Conduct, Integrated Risk Management and Capital Allocation, Internal Controls and Compliance and supported by training and capacity

The Fiscal Council, a permanent supervisory body, comprises five effective members. The preferred shareholders and non-controlling shareholders, holders of common shares are responsible for choosing two effective members and their respective alternates. Besides the Fiscal Council and the Audit Committee, Bradesco is submitted to Internal Audit certified by the IIA (Institute of Internal Auditors of Brazil) which reports to the Board of Directors.

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

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

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

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

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

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

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

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

Our commitment to sustainability is also reinforced in the establishment of dialogs with various stakeholders, through adherence to incorporate initiatives and voluntary commitments, such as: UNEP FI (United Nations Environment Programme Finance Initiative), Global Compact Initiatives, Goals of Sustainable Development (ODS), Equator Principles, Principles for Responsible Investment (PRI), Businesses for the Climate (EPC), CEBDS (Brazilian Business Center for Sustainable Development), Taskforce on Climate-related Financial Disclosures (TCFD), among others.

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

The performance of the Organization's sustainability activities is reflected in the external assessments of the main indexes and ratings of market sustainability. In 2018, we maintained our presence in the Corporate Sustainability Index (ISE) and the Carbon

Principles for Banking Responsibility, of UNEP FI

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

Fundação Bradesco

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

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

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

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

To

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

Osasco – SP

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

Responsibilities of the Management of Bradesco

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

Independent Auditor's Responsibility

Our responsibility is to review the consolidated supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagement Other than Audit and Review (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain a meaningful level of limited assurance about whether we did not become aware of any

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

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

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

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

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

Criteria for Preparing the Consolidated Supplementary Accounting Information

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

Conclusion

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

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

Osasco, October 30, 2018

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KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

Original report in Portuguese signed by

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

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

Management Report

Dear Shareholders,

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

1. Economic Commentary

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

2. Highlights

3. Period-specific Results

In the period from January 1st to September 30th, 2018, Bradesco's Net Income reached R\$ 14.004 billion, equivalent to R\$ 2.09 per share, and with a profitability of 16.6% over the average Shareholders' Equity. The annualized return on Average Total Assets was 1.5%.

In terms of Interest on Own Capital, in gross values, we directed R\$ 2.270 billion to the shareholders, paid on a monthly and intermediaries basis, and R\$ 3.091 billion provisioned, totalling in R\$ 5.361 billion in the period.

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

4. Capital and Reserves

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

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

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

- For the thirteenth time, Bradesco was selected to integrate the Dow Jones Sustainability Indices - DJSI, of the New York Stock Exchange. In 2018, the Bank composes the Global and Emerging Markets portfolios, and holds the best position among Brazilian banks; and

- In October 2, 2018, Bradesco formalized a strategic partnership with RCB Investimentos S.A., one of the main credit management and recovery companies in Brazil, upon the acquisition of 65% of its shares. With the business, which strengthens our prominent position in the financial system - we are the largest in terms of credit recovery volume -, we have further increased the processes' efficiency and active participation in the market of the acquisition of credits for recovery.

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

The Managed Shareholders' Equity, representing 9.1% of the Total Assets, totalling in R\$ 1.282 trillion, registered an increase of 5.4% compared to the same period last year. Thus, the Basel ratio reached 16.8%, which is therefore higher than the minimum of 11.0% regulated by Resolution No. 4,193/13 of the National Monetary Council, according to the Basel Committee. At the end of the quarter, the immobilization index, compared to the Reference Equity, reached 38.0% in the Prudential Consolidation, within the maximum limit of 50.0%, established by the Central Bank of Brazil - Bacen.

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

Economic and Financial Analysis Report – September 2018

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

Management Report

5. Funding and Managing Resources

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

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

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

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

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

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

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

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

R\$ 307.242 billion in the Exchange Portfolio, Borrowings and Onlendings in Brazil, Working Capital, Tax Payments and Collection and Related Charges, Funds From Issuance of Securities in Brazil, and Subordinated Debt in Brazil, a 2.8% increase.

7. Bradesco BBI

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

Bradesco BBI, an Investment Bank of the Organization, advises clients in primary and secondary issuing of shares, merger transactions, purchase and sale of assets, structuring and

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

R\$ 47,494 billion in Foreign Funding, through public and private issues, Subordinated Debt Overseas, Securitization of Future Financial Flows and Borrowings and On-lendings Overseas, equivalent to US\$11,862 billion.

distributing debt instruments, such as debentures, promissory notes, CRIs, CRAs, real estate funds, FIDCs and bonds, among others, besides structured corporate finance operations and the financing of projects under the modality of Project Finance. In the period from January to September 2018, transactions conducted had a volume greater than R\$ 176.045 billion.

6. Loan Operations

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

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

R\$ 71.462 billion of Sureties and Guarantees;

R\$ 18.541 billion regarding operations of transfer of internal and external resources, originating mainly from the BNDES - *Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Social and Economic Development), standing out as one of the main distributing agents of loans;

8. Grupo Bradesco Seguros (Insurance Group)

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

9. Bradesco Service Network

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

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

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

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

Traditionally, we are a Bank that assists all kinds of publics, and we are aware of their's needs. Thus, we currently have six major Digital Platforms, which assist clients from the “Exclusive” and “Prime” segments invited by the Bank, or those who have requested migration to the units because their relationship profiles are primarily digital. We also have the Bradesco Private Bank Digital Branch.

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

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

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

9.1 Next

39,100 Bradesco Expresso service branches;

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

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

916 In-company electronic service
branches;

60 Losango service branches;

54 External Terminals in the Bradesco
Network; and

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

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

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

10. Corporate Governance

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

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

Among the practices adopted, we highlight the listing of the Bank at Tier I of Corporate Governance of the B3 – Brazil, Bolsa, Balcão, since 2001, and since 2011, adhering to the Code of Self-regulation and Best Practices of Open Capital Companies of ABRASCA. In 1944, the Bank's Rules of Procedure were established, from which the Bradesco Organization Code of Conduct originated in 2003. Further information about practices adopted is available on bradescori.com.br – Corporate Governance Section.

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

12. Innovation and Technology

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

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

Highlights that are part of the innovative process:

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

In accordance with Instruction No. 381/03, of the Brazilian Securities and Exchange Commission - CVM, the Bradesco Organization did not contract nor did it have services provided by KPMG Auditores Independentes in the period from January to September 2018, that were not related to the external audit at a level greater than 5% of the total fees related to external audit services. Other services provided by the external auditors were primarily procedures agreed beforehand, or assurance for review of financial information, of draws and revision. The Bank's policy is in line with the principles of preserving the auditors' independence, which is based on generally accepted international criteria, i.e. the auditor should not audit their own work, perform managerial duties for their clients or promote their customers' interests.

11. Compliance and Integrity Program

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

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

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

Among others, we highlight the work conducted by the **Fundação Bradesco**, our main social activity that has invested in education and health care for more than six decades, creating a positive influence in the localities in which it operates through quality education for children, youth and adults. Its activities are based on the principle that education is part of the source of equal opportunities, personal and collective achievement, as well as contributing to the construction of a transformative, productive, and dignified society.

13. Human Capital

The people who work here are one of the important pillars that support the Organization. The Human Capital Management model is invariably guided by the egalitarian appreciation of people, without giving margin to any kind of discrimination. We adopted a strategy aimed at the development of programs and solutions for the technical and behavioral training and development of our employees, through UniBrad – *Universidade Corporativa Bradesco* (Bradesco Corporate University), in order to keep them in constant harmony with the market, which is increasingly more competitive and demanding, and to stimulate and encourage innovative thinking. Thus, in the period from January to September 2018, 2,015 courses were offered, with 638,816 participants. The welfare benefits reached 235,597 people, ensuring good wellbeing, the improvement of quality of life and the safety of employees and their dependents.

The Fundação Bradesco supports 40 of their own schools installed mainly in regions of high socio-economic deprivation, across every Brazilian state and Federal District. To maintain the extensive structure, its budget for 2018 is predicted to be R\$ 664.717 million, whereby R\$ 575.071 million is destined to cover Expenses of the Activities and R\$ 89.646 million towards investments in Infrastructure and Educational Technology, which allows the institution to offer free education to:

a) 97,385 students enrolled in its schools at the following levels: Basic Education (Kindergarten to High School) and Vocational Training (High School level); Youth and Adult Education; and Preliminary and Continuing Vocational Training, focused on creating jobs and income;

b) 630 thousand students who will complete at least one of the distance-learning courses on offer (EaD), through its e-learning portal "Escola Virtu@l";

14. Sustainability in the Bradesco Organization

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

Thinking of sustainability has always been natural, present in the form of doing business, and also in the commitment that we have with the development of Brazil. We seek continuous growth, respecting the audiences, the communities and the environment with which we interact. Therefore, we have not only evolved, but we want people around us to have quality of life, thus, we have various actions contributing to reduce social inequality, expanding rights, preserving nature, promoting financial and social inclusion and enabling full access to citizenship.

c) 11,987 people who will benefit through partnership projects, such as *Programa Educa+Ação*, and Technology courses; and

d) Food, medical-dental assistance, school materials and uniform are provided free-of-charge to the more than 42 thousand students in Basic Education.

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

We know the importance that sport has in people's lives, mainly regarding the creation of values. For this reason, with more than 30 years of existence, we have the **Bradesco Sports and Education Program** that supports the development of children and teenagers through the teaching of women's volleyball and basketball. It has, in the Municipality of Osasco - SP, Training and Specialist Centers, and its activities are held in their own Sports Development Center, in all Fundação Bradesco's schools, in Municipal Sports Centers, in state and private schools and in a leisure club. Annually, two thousand girls take part, starting from eight years old, reaffirming the Organization's social commitment and displaying how it values talent, citizenship, as well as education, sport and health.

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

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

15. Recognitions

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

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

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

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

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

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

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

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

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

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

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

16. Acknowledgments

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

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

Cidade de Deus, October 30th, 2018

Board of Directors and

Board of Executive Officers

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

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

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

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

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

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

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that 90

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

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

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

Bradesco _

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

Consolidated Statement of Financial Position on September 30 – In thousands of Reais

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

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

Economic and Financial Analysis Report – September 2018

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

Consolidated Income Statement on September 30 - In thousand of Reais

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

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

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

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

Bradesco _

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

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

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

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

**Balance on
September
30, 2018**

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

Economic and Financial Analysis Report – September 2018

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

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

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

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

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

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

Bradesco .

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

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

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

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

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| | | |
|--|---------------------|---------------------|
| Sale of/maturity of and interest on available-for-sale securities | 103,447,183 | 76,705,048 |
| Proceeds from sale of foreclosed assets | 549,316 | 567,954 |
| Sale of investments | - | 441,558 |
| Sale of premises and equipment | 380,798 | 354,328 |
| Acquisition of Subsidiaries, Net of Cash and Cash Equivalents acquired | (171,558) | - |
| Purchases of available-for-sale securities | (128,634,899) | (105,668,053) |
| Purchases of held-to-maturity securities | (34,192,285) | (109,609) |
| Investment acquisitions | (38,846) | (504,672) |
| Purchase of premises and equipment | (1,221,180) | (891,494) |
| Intangible asset acquisitions | (1,317,163) | (2,362,116) |
| Dividends and interest on shareholders' equity received | 1,069,719 | 818,291 |
| Net cash provided by/(used in) investing activities | (56,004,617) | (23,764,153) |
| Cash flow from financing activities: | | |
| Funds from securities issued | 70,569,589 | 46,214,741 |
| Settlement and Interest payments of Funds from issuance of securities | (64,335,253) | (72,651,684) |
| Issuance of subordinated debts | 6,804,906 | 6,593,610 |
| Settlement and Interest payments of subordinated debts | (12,044,108) | (12,417,718) |
| Interest on Shareholders' Equity Paid | (6,166,259) | (6,110,256) |
| Non-controlling interest | (78,739) | (88,115) |
| Net cash provided by/(used in) financing activities | (5,249,864) | (38,459,422) |
| Net increase/(decrease) in cash and cash equivalents | (45,346,918) | 3,397,584 |
| Cash and cash equivalents - at the beginning of the period | 156,054,442 | 181,230,427 |
| Effect of Changes in Exchange Rates in Cash and Cash equivalents | 769,838 | 291,794 |
| Cash and cash equivalents - at the end of the period | 111,477,362 | 184,919,805 |
| Net increase/(decrease) in cash and cash equivalents | (45,346,918) | 3,397,584 |

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

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

Notes to the Consolidated Financial Statements

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

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Notes to the Consolidated Financial Statements

1) OPERATIONS

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

2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

For the preparation of these consolidated financial statements, the intercompany transactions, balances of equity accounts, revenue, expenses and unrealized profits were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. Goodwill on the acquisition of investments in associates, subsidiaries or jointly controlled companies is presented in the investments and intangible assets lines (Note 14a). The foreign exchange variation from foreign branches and investments is presented in the statement of income accounts used for changes in the value of the derivative financial instrument and borrowing and on-lending operations in order to offset these results with the hedges of these investments.

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

Bradesco's consolidated financial statements were approved by the Board of Directors on October 30, 2018.

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Notes to the Consolidated Financial Statements

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

| | | On September 30 | |
|---|-----------------|-------------------------|---------|
| | Activity | Equity interest 2018 | 2017 |
| Financial Sector – Brazil | | | |
| Ágora Corretora de Títulos e Valores Mobiliários S.A. | Brokerage | 100.00% | 100.00% |
| Banco Alvorada S.A. | Banking | 99.99% | 99.99% |
| Banco Boavista Interatlântico S.A.(1) | Banking | - | 100.00% |
| Banco Bradescard S.A. | Cards | 100.00% | 100.00% |
| Banco Bradesco BBI S.A.(1) | Investment bank | 99.96% | 99.81% |
| Banco Bradesco BERJ S.A. | Banking | 100.00% | 100.00% |
| Banco Bradesco Cartões S.A. | Cards | 100.00% | 100.00% |
| Banco Bradesco Financiamentos S.A. | Banking | 100.00% | 100.00% |
| Banco Losango S.A. | Banking | 100.00% | 100.00% |
| | Consortium | | |
| Bradesco Administradora de Consórcios Ltda. | management | 100.00% | 100.00% |
| Bradesco Leasing S.A. Arrendamento Mercantil | Leases | 100.00% | 100.00% |
| Bradesco Kirton Corretora de Títulos e Valores Mobiliários S.A. | Brokerage | 99.97% | 99.97% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | Brokerage | 100.00% | 100.00% |
| | Asset | | |
| BRAM - Bradesco Asset Management S.A. DTVM | management | 100.00% | 100.00% |
| Kirton Bank Brasil S.A. | Banking | 100.00% | 100.00% |
| Tempo Serviços Ltda. | Services | 100.00% | 100.00% |
| Financial Sector – Overseas | | | |
| Banco Bradesco Argentina S.A.U (2) | Banking | 100.00% | 99.99% |
| Banco Bradesco Europa S.A. | Banking | 100.00% | 100.00% |
| Banco Bradesco S.A. Grand Cayman Branch (3) | Banking | 100.00% | 100.00% |
| Banco Bradesco S.A. New York Branch | Banking | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% |
| Bradesco Securities, UK. | Brokerage | 100.00% | 100.00% |
| Insurance, Pension Plan and Capitalization Bond Sector | | | |
| Atlântica Companhia de Seguros | Insurance | 100.00% | 100.00% |
| Bradesco Argentina de Seguros S.A. (4) | Insurance | 99.98% | 99.98% |
| Bradesco Auto/RE Companhia de Seguros | Insurance | 100.00% | 100.00% |

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

| | | | |
|--|--------------------|---------|---------|
| | Capitalization | | |
| Bradesco Capitalização S.A. | bonds | 100.00% | 100.00% |
| Bradesco Saúde S.A. | Insurance/health | 100.00% | 100.00% |
| Bradesco Seguros S.A. (5) | Insurance | 99.96% | 100.00% |
| | Pension | | |
| Bradesco Vida e Previdência S.A. | plan/Insurance | 100.00% | 100.00% |
| | Capitalization | | |
| Kirton Capitalização S.A. (6) | bonds | - | 100.00% |
| Kirton Seguros S.A. (6) | Insurance | - | 98.54% |
| | Pension | | |
| Kirton Vida e Previdência S.A. (6) | plan/Insurance | - | 100.00% |
| Odontoprev S.A. (4) | Dental care | 50.01% | 50.01% |
| Other Activities | | | |
| Andorra Holdings S.A. | Holding | 100.00% | 100.00% |
| Bradseg Participações S.A. | Holding | 100.00% | 100.00% |
| | Insurance | | |
| Bradescor Corretora de Seguros Ltda. | Brokerage | 100.00% | 100.00% |
| Bradesplan Participações Ltda. | Holding | 100.00% | 100.00% |
| BSP Empreendimentos Imobiliários S.A. | Real estate | 100.00% | 100.00% |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition | 100.00% | 100.00% |
| Columbus Holdings S.A. | Holding | 100.00% | 100.00% |
| Nova Paiol Participações Ltda. | Holding | 100.00% | 100.00% |
| União Participações Ltda. | Holding | 100.00% | 100.00% |
| Investment Funds (7) | | | |
| Bradesco F.I.R.F. Master II Previdência | Investment Fund | 100.00% | 100.00% |
| Bradesco F.I. Referenciado DI Performance | Investment Fund | 100.00% | 100.00% |
| Bradesco F.I.C.F.I. R.F. VGBL F10 | Investment Fund | 100.00% | 100.00% |
| Bradesco F.I.R.F. Master IV Previdência | Investment Fund | 100.00% | 100.00% |

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

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

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

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

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

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

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

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

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

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

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

b) Income and expense recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c) Cash and cash equivalents

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

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

d) Interbank investments

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

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

e) Securities – Classification

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

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

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

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

f) Derivative financial instruments (assets and liabilities)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Deferred tax assets are recognized based on current expectations of realization considering technical studies and analyses carried out by Management.

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

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

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

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

i) Prepaid expenses

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

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

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

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

Prepaid expenses are shown in detail in Note 11b.

j) Investments

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

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

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

k) Premises and equipment

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

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

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

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

I) Intangible assets

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

Intangible assets comprise:

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

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

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m) Impairment

Financial and non-financial assets are tested for impairment.

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

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

n) Deposits and funds obtained in the open market

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

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

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

- Damage, health and group insurance lines, except life insurance with survival coverage (VGBL):

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

- The unearned premium/payments reserve (PPCNG) is calculated on a daily pro-rata basis based on the portion of health insurance premiums corresponding to the remaining period of coverage, of the currently

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effective contracts;

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- The mathematical reserve for unvested benefits (PMBaC) whose calculation methodology considers, the difference between the current value of future benefits and the current value of future contributions, on obligations already assumed by Bradesco;
- For health insurance, the Mathematical Reserve for Benefits to be Granted (PMBaC) uses a discount rate of 4% per year (4.5% in 2017). It considers the payment of premiums until the death of the insured and, from this moment, the costs related to the coverage of dependents who remain in the plan for five further years without payment of premiums;
- For health insurance, the mathematical reserve of benefits granted (PMBC) is constituted by the obligations arising from the contractual clauses of remittance of installments, regarding the coverage of health assistance and by the premiums paid by insured participating in the Bradesco Saúde Insurance Plan - "GBS Plan" considering a discount rate of 4% (4.5% in 2017) per annum;
- The reserve for events incurred but not reported (PEONA) is calculated from the final estimate of claims already incurred and still not reported, based on the run-off triangles, monthly that consider the historical development of claims advised in the last 12 months for health insurance and last 18 months for dental care to establish a future projection per period of occurrence;
- For Car insurance, the reserve for 'incurred but not reported' (IBNR) claims is calculated based on incurred but not paid' (IBNP) claims less the balance of the reserve for 'unsettled' claims (PSL) on the calculation date. For the other Damage insurance, the IBNR estimate is based on the run off triangles. A final estimate of IBNP is calculated using semi-annual run-off triangles. The run-off triangles consider the historical development of claims paid in the previous 10 semesters and in last 11 quarters to extended warranty segments to determine a future projection per occurrence period, and considers the estimated claims 'incurred but not sufficient' reported (IBNER), reflecting the changing expectation of the amount provisioned along the regulatory process;
- For life insurance, the provision of 'incurred but not reported claims (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the prior 10 semesters, to establish a future projection per period of occurrence; A residual cause study is

performed to forecast the claims reported after 10 semesters that the event occurred;

- The reserve for unsettled claims (PSL), for health insurance, considers all claim notifications received up to the end of the reporting period, and includes all claims in litigation and related costs, updated monetarily;
- The provision for outstanding claims (PSL) for personal insurance considers the expected amounts to be settled from all claims notices received up to the reporting date. The provision covers administrative and judicial claims indexed to inflation and with interest in the event of judicial claims;
- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims existing at the reporting date, restated monetarily and with interest in case of judicial claims, net of the expected payments to be received;
- The technical surplus reserve (PET) corresponds to the difference between the expected value and the observed value for events occurred in the period for insurance of policyholders with a clause of participation in the technical surplus;
- The reserve for related expenses (PDR) for insurance of persons is recognized to cover expenses related to estimated claims and benefits for products structured in self-funding and partially regimes, the reserve covers claims incurred. For plans structured under a capitalization regime, the reserve is made to cover the expected expenses related to incurred claims and also claims expected to be incurred in the future;

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- For damage insurance, the reserve for related expenses is (PDR) calculated on a monthly basis to cover the expenses related to indemnity payment, and it covers the expenses allocated individually to each claim, as well as expenses related to claims that have not been itemized, that is, those at the level of the portfolio;
- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
- The complementary reserve for coverage (PCC) for damage insurance shall be recorded when there is an insufficiency in the technical provisions, as calculated in the Liability Adequacy Test (LAT), pursuant to the determinations specified in the regulations in force. As of the base date, there is no need to record complementary reserve for coverage;
- The complementary reserve for coverage (PCC) for life insurance, refers to the amount necessary to complement technical provisions, as calculated in the LAT. The LAT, which is prepared using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), and forward interest rate curves (ETTJ) free from risk as authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;
- The other technical provisions for damage insurance correspond to the provision for administrative expenses (PDA) arising from Personal Injury Caused by Motor Vehicles (DPVAT) insurance operations; and
- Other technical provisions are recognized for the individual health portfolio to address the differences between the expected present value of future premiums and the expected present value of indemnities and related expenses, using an annual discount rate of 4% (4.5% in 2017) per annum.

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

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

using the inflation index and the interest rate established in the plan until the bond is redeemed or canceled;

- The reserve for redemption (PR) comprises the values of matured and early-terminated capitalization bonds and is calculated by updating the balance of bonds whose terms have expired or canceled using the inflation index until the holder receives the redemption payment;
- The reserves for draws to be made (PSR) is constituted to cover the prizes to be paid in future sweepstakes. The calculation methodology consists of the projection of the expected present value of the expenses of future draws and compared to the projection of the expected present value of the installments referring to the future receives of the capitalization bonds;
- Reserve for draws payable (PSP) consists of the value of unpaid prize draw amounts, adjusted for inflation for the period between the date of the drawing and its effective settlement; and
- Reserve for administrative expense (PDA) is recognized to cover the cost for maintaining capitalization bonds. For the calculation, the present value of the expected future administrative expenses is projected and compared to present value of the projected loading fees on future installments of the bonds.

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

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

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09 and according to Circular Letter No. 3,429/10, which are:

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

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

q) Funding expenses

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

r) Other assets and liabilities

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

s) Subsequent events

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

They comprise the following:

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

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

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

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

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

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

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

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

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

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

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

In the nine month period ended September 30, 2017

| | 2018 | | | 2017 | | | |
|---|--------------------------------|----------------------------------|----------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| | Accounting Statement of Income | Proportionately consolidated (1) | Adjustments of Consolidation (2) | Managerial Statement of Income | Accounting Statement of Income | Proportionately consolidated (1) | Adjustments of Consolidation (2) |
| Revenue from financial intermediation | 91,704,353 | 874,934 | 965,329 | 93,544,616 | 116,105,988 | 936,616 | 2,538,000 |
| Expenses from financial intermediation | (47,321,945) | (89,141) | (2,892,017) | (50,303,103) | (62,335,098) | (45,801) | (4,388,000) |
| Financial margin | 44,382,408 | 785,793 | (1,926,688) | 43,241,513 | 53,770,890 | 890,815 | (1,849,000) |
| Allowance for loan losses | (13,760,676) | (64,087) | - | (13,824,763) | (19,717,425) | (79,303) | - |
| Gross income from financial intermediation | 30,621,732 | 721,706 | (1,926,688) | 29,416,750 | 34,053,465 | 811,512 | (1,849,000) |
| Income from insurance, pension plans and capitalization bonds | 5,719,007 | - | - | 5,719,007 | 4,919,087 | - | - |
| Fee and commission income | 18,560,972 | 3,395,041 | 1,999,604 | 23,955,617 | 17,772,000 | 3,312,809 | 1,697,000 |
| Personnel expenses | (14,144,007) | (618,143) | - | (14,762,150) | (16,371,329) | (557,942) | - |
| Other administrative expenses | (14,210,765) | (674,262) | (11,466) | (14,896,493) | (14,199,004) | (1,039,060) | 441,000 |
| Tax expenses | (4,234,142) | (446,796) | - | (4,680,938) | (4,585,062) | (383,013) | - |
| Share of profit (loss) of unconsolidated and jointly controlled companies | 1,155,002 | (1,039,357) | - | 115,645 | 1,134,809 | (972,371) | - |
| Other operating income / expenses | (8,181,342) | (776,303) | (61,450) | (9,019,095) | (6,024,313) | (406,197) | (290,000) |
| Operating income | 15,286,457 | 561,886 | - | 15,848,343 | 16,699,653 | 765,738 | - |
| Non-operating income | (654,606) | (13,486) | - | (668,092) | (232,075) | (5,131) | - |
| IT/SC (Income Tax/Soc. Contrib.) and non-controlling | (627,666) | (548,400) | - | (1,176,066) | (5,601,421) | (760,607) | - |

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

interests

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

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

(2) Refers primarily to the effects of the consolidation adjustments arising from the "non-consolidation" of the exclusive funds.

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

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

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

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

Liabilities**Current and long-term**

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

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

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

- (1) The financial segment is comprised of financial institutions, holding companies which are mainly responsible for managing financial resources, and credit card, consortium and asset management companies;
- (2) The asset, liability, income and expense balances among companies from the same segment are eliminated;
- (3) The Insurance Group segment comprises insurance, pension plan and capitalization bond companies; and
- (4) Refers to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and overseas.

5) CASH AND CASH EQUIVALENTS

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

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

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

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

b) Income from interbank investments

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

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

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Notes to the Consolidated Financial Statements**7) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

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

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

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

- Government
securities

- Corporate
securities

Total

| | | | | | | | |
|--------------------|-------------------|--------------------|---------------|--------------------|--------------|--------------------|--------------|
| 99,813,495 | 5,206,825 | 15,121,476 | 21,176 | 120,162,972 | 21.4 | 117,885,441 | 24.4 |
| 292,206,337 | 41,707,073 | 229,175,494 | 45,538 | 563,134,442 | 100.0 | 480,271,580 | 100.0 |

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

| Securities | On September 30 - R | | | | | | | |
|---|---------------------|------------------|------------------|--------------------|-------------------------|--------------------|-----------------------|---------------------------|
| | 2018 | | | | 2017 | | | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/book value (3) (4) | Amortized cost | Fair Value Adjustment | Fair/book value (3) (4) A |
| - Financial | 12,291,616 | 1,356,324 | 2,819,422 | 29,560,816 | 46,028,178 | 48,997,600 | (2,969,422) | 46,008,192 |
| Financial treasury bills | - | 256,853 | - | 15,253,203 | 15,510,056 | 15,509,126 | 930 | 11,229,605 |
| National treasury notes | - | 40,782 | 914,435 | 6,905,228 | 7,860,445 | 7,786,441 | 74,004 | 7,729,152 |
| Financial bills | - | 207,334 | 365,129 | 207,597 | 780,060 | 779,637 | 423 | 993,895 |
| Debentures | 48,973 | 82,226 | 3,852 | 917,241 | 1,052,292 | 1,167,309 | (115,017) | 2,221,140 |
| National treasury bills | 173,331 | 54,134 | 145,466 | 708,325 | 1,081,256 | 1,080,094 | 1,162 | 853,965 |
| Brazilian foreign debt securities | - | - | - | 425,058 | 425,058 | 429,512 | (4,454) | 11,175 |
| Derivative financial instruments (1) | 9,208,881 | 395,621 | 647,210 | 3,047,300 | 13,299,012 | 16,182,058 | (2,883,046) | 16,008,467 |
| (5) | 2,860,431 | 319,374 | 743,330 | 2,096,864 | 6,019,999 | 6,063,423 | (43,424) | 6,960,793 |
| - Insurance companies and capitalization bonds | 3,087,242 | 28,557 | 755,908 | 10,495,747 | 14,367,454 | 14,367,454 | - | 16,222,439 |
| Financial treasury bills | - | 19,084 | - | 9,210,691 | 9,229,775 | 9,229,775 | - | 11,452,085 |
| Financial bills | - | 8,666 | 36,488 | 65,846 | 111,000 | 111,000 | - | 363,907 |
| Other | 3,087,242 | 807 | 719,420 | 1,219,210 | 5,026,679 | 5,026,679 | - | 4,406,447 |
| - Pension plans | 2,955,186 | 1,626,484 | 1,229,553 | 183,629,335 | 189,440,558 | 189,440,558 | - | 169,123,911 |
| | - | 883,795 | - | 72,018,447 | 72,902,242 | 72,902,242 | - | 50,807,416 |

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

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

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

| On September 30, 2018 | | | | | | | | |
|---|-------------------|-------------------|--------------------|----------------------------------|----------------------------|--------------------|--------------------------|----------------------------|
| Securities (2) (6) | 1 to 30 days | 31 to 180 days | 181 to 360 days | 2018 More than 360 days | Fair/book value (3) (4) | Amortized cost | Fair Value Adjustment | Fair/book value (3) (4) |
| - Financial | 15,526,387 | 36,195,572 | 47,219,990 | 84,597,741 | 183,539,690 | 185,688,011 | (2,148,321) | 178,216,000 |
| National treasury bills | 3,077,468 | 28,820,293 | 41,123,572 | 26,387,841 | 99,409,174 | 99,032,696 | 376,478 | 106,392,622 |
| Debentures | 663,951 | 541,534 | 2,199,508 | 38,385,649 | 41,790,642 | 43,427,194 | (1,636,552) | 37,575,750 |
| National treasury notes | - | - | 2,240,986 | 7,127,930 | 9,368,916 | 9,229,108 | 139,808 | 8,499,230 |
| Foreign corporate securities | 627,919 | 33,115 | 1,636,071 | 8,101,689 | 10,398,794 | 10,612,851 | (214,057) | 10,571,580 |
| Shares | 7,265,489 | - | - | - | 7,265,489 | 8,107,020 | (841,531) | 7,505,490 |
| Foreign government bonds | 1,723,553 | 1,438,454 | - | - | 3,162,007 | 3,147,841 | 14,166 | 2,221,340 |
| Promissory Notes | - | 4,498,578 | - | - | 4,498,578 | 4,479,092 | 19,486 | 845,220 |
| Certificates of real estate receivables | - | 6,804 | - | 801,603 | 808,407 | 790,805 | 17,602 | 1,088,040 |
| Other | 2,168,007 | 856,794 | 19,853 | 3,793,029 | 6,837,683 | 6,861,404 | (23,721) | 3,516,690 |
| - Insurance companies and capitalization bonds | 1,890,735 | 171,036 | 33,404 | 19,971,153 | 22,066,328 | 22,426,954 | (360,626) | 17,078,280 |
| National treasury notes | - | - | - | 13,203,674 | 13,203,674 | 13,769,668 | (565,994) | 11,324,020 |
| Shares | 1,550,793 | - | - | - | 1,550,793 | 1,221,402 | 329,391 | 1,534,940 |
| National treasury bills | - | 156,595 | 33,404 | 6,551,371 | 6,741,370 | 6,867,923 | (126,553) | 3,740,270 |
| Other | 339,942 | 14,441 | - | 216,108 | 570,491 | 567,961 | 2,530 | 479,040 |
| - Pension plans | 1,127,460 | 16,260 | - | 15,645,572 | 16,789,292 | 16,249,126 | 540,166 | 14,817,000 |
| National treasury notes | - | - | - | 14,486,529 | 14,486,529 | 14,060,648 | 425,881 | 12,204,440 |

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

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| | | | | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Shares | 1,127,460 | - | - | - | 1,127,460 | 1,000,559 | 126,901 | 1,847,888 |
| Debentures | - | - | - | 88,586 | 88,586 | 80,967 | 7,619 | 95,712 |
| Other | - | 16,260 | - | 1,070,457 | 1,086,717 | 1,106,952 | (20,235) | 668,960 |
| - Other activities | 5,436 | - | - | 15,985 | 21,421 | 15,997 | 5,424 | 41,143 |
| Other | 5,436 | - | - | 15,985 | 21,421 | 15,997 | 5,424 | 41,143 |
| Subtotal | 18,550,018 | 36,382,868 | 47,253,394 | 120,230,451 | 222,416,731 | 224,380,088 | (1,963,357) | 210,152,430 |
| <i>Accounting</i> | | | | | | | | |
| <i>Hedge (Note 7f)</i> | - | - | - | - | - | - | (408,640) | - |
| Securities reclassified to "Held-to-maturity securities" | - | - | - | - | - | - | (671,356) | - |
| Total | 18,550,018 | 36,382,868 | 47,253,394 | 120,230,451 | 222,416,731 | 224,380,088 | (3,043,353) | 210,152,430 |

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

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

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

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

| Securities | On September 30 - R\$ thousand | | | | | |
|---|--------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 1 to 30 | 31 to 180 | 181 to 360 | More than 360 | Total in 2018 | Total in 2017 |
| | days | days | days | days | (3) (4) | (3) (4) |
| Own portfolio | 26,733,638 | 17,941,334 | 15,466,708 | 350,001,600 | 410,143,280 | 373,664,449 |
| Fixed income securities | 13,110,112 | 17,941,334 | 15,466,708 | 350,001,600 | 396,519,754 | 359,730,899 |
| National treasury notes | 25,123 | 74,087 | 3,032,299 | 76,533,402 | 79,664,911 | 111,294,714 |
| Financial treasury bills | 1,722 | 1,481,177 | - | 92,840,498 | 94,323,397 | 71,640,256 |
| National treasury bills | 3,310,026 | 8,723,261 | 8,982,578 | 114,320,021 | 135,335,886 | 92,243,397 |
| Debentures | 776,445 | 887,102 | 1,832,497 | 39,341,225 | 42,837,269 | 43,257,969 |
| Financial bills | 599,011 | 409,641 | 669,053 | 6,794,627 | 8,472,332 | 8,713,150 |
| Certificates of real estate | - | - | - | - | - | - |
| receivables | - | 6,804 | 31,513 | 12,482,575 | 12,520,892 | 13,561,841 |
| Foreign government bonds | 1,732,280 | 1,438,454 | 3,861 | 459,943 | 3,634,538 | 2,552,218 |
| Foreign corporate securities | 1,311,059 | 30,337 | 757,856 | 4,499,278 | 6,598,530 | 6,784,697 |
| Brazilian foreign debt securities | - | - | - | 1,521,952 | 1,521,952 | 717,903 |
| Promissory Notes | - | 4,499,998 | 33,652 | 209,189 | 4,742,839 | 3,174,645 |
| Bank deposit certificates | 191,708 | 343,005 | 83,106 | 11,537 | 629,356 | 492,085 |
| Other | 5,162,738 | 47,468 | 40,293 | 987,353 | 6,237,852 | 5,298,024 |
| Equity securities | 13,623,526 | - | - | - | 13,623,526 | 13,933,550 |
| Shares of listed companies | 1,130,153 | - | - | - | 1,130,153 | 1,851,629 |
| Shares of other companies | 12,493,373 | - | - | - | 12,493,373 | 12,081,921 |
| Restricted securities | 732,363 | 20,797,454 | 34,580,419 | 80,713,077 | 136,823,313 | 83,807,241 |
| Subject to repurchase agreements | 627,788 | 20,256,665 | 30,450,592 | 64,188,164 | 115,523,209 | 62,901,746 |
| National treasury bills | - | 19,976,400 | 27,505,801 | 44,044,290 | 91,526,491 | 53,757,059 |
| Foreign corporate securities | 627,788 | 33,115 | 1,597,245 | 4,780,840 | 7,038,988 | 6,148,043 |
| National treasury notes | - | - | 921,515 | 8,644,368 | 9,565,883 | 1,400,654 |
| Brazilian foreign debt securities | - | - | - | 524,793 | 524,793 | 336,046 |
| Debentures | - | 132,317 | 426,031 | 3,036,699 | 3,595,047 | - |
| Financial treasury bills | - | 114,833 | - | 3,157,174 | 3,272,007 | 1,259,944 |
| Given in guarantee to the Brazilian Central Bank | - | - | - | - | - | 1,767 |
| National treasury bills | - | - | - | - | - | 1,767 |
| Privatization rights | - | - | - | 40,470 | 40,470 | 45,357 |
| Given in guarantee | 104,575 | 540,789 | 4,129,827 | 16,484,443 | 21,259,634 | 20,858,371 |

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

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

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| Securities | On September 30 - R\$ thousand | | | | | |
|---|--------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 1 to 30 | 31 to 180 | 181 to 360 | More than 360 | Total in 2018 | Total in 2017 |
| | days | days | days | days | (3) (4) | (3) (4) |
| Other | 102,771 | - | - | 251,946 | 354,717 | 462,762 |
| Derivative financial instruments (1) (5) | 9,433,801 | 395,621 | 647,210 | 3,047,300 | 13,523,932 | 16,072,228 |
| Securities sold under repurchase agreements - unrestricted | - | 263,225 | 1,396,635 | 984,057 | 2,643,917 | 6,727,662 |
| National treasury bills | - | 263,167 | 1,396,635 | 893,037 | 2,552,839 | 6,551,873 |
| National treasury notes | - | - | - | 91,020 | 91,020 | 175,789 |
| Financial treasury bills | - | 58 | - | - | 58 | - |
| Total | 36,899,802 | 39,397,634 | 52,090,972 | 434,746,034 | 563,134,442 | 480,271,580 |
| % | 6.6 | 7.0 | 9.2 | 77.2 | 100.0 | 100.0 |

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

(2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. At the time of preparation of the consolidated financial statements as of June 30, 2018, Management decided to reclassify Securities available for Sale to Held to Maturity, in the amount of R\$ 17,022,922 thousand, without any result, as the result (loss) in the gross amount of R\$ (297,343) thousand, was retained in shareholders' equity and will be recognized in income over the remaining period of the securities, according to article 5 of said Circular. This reclassification was based on the alignment of the risk management strategy. In the third quarter of 2018 and 2017 there were no sales or reclassifications of securities classified in this category;

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

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

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

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

(6) In the nine months ended September 30, 2018, there were impairment losses on financial assets (mostly debentures), net of reversals, related to securities classified as “Available-for-Sale” and “Held-to-Maturity” in the amount of R\$ 737,123 thousand (R\$ 1,766,590 thousand in 2017).

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d) Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting hedges to protect CDI-related funding totaling R\$ 4,825,810 thousand (R\$ 6,646,749 in 2017); and (ii) accounting hedges to protect interbank investments, in the amount of R\$ 9,631,686 thousand (R\$ 16,799,041 thousand in 2017) (note 7f); and

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments. Investments abroad totaling the amount of R\$ 60,932,586 thousand (R\$ 46,971,885 thousand in 2017).

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

| | 2018 | | | On September 30 - R\$ thousand 2017 | | |
|------------------------------|-------------------------------|------------------------------|---------------------|--|------------------------------|---------------------|
| | Original amortized cost | Mark-to-market adjustment | Fair value | Original amortized cost | Mark-to-market adjustment | Fair value |
| Adjustment receivable | | | | | | |
| - swaps | 12,704,209 | (3,219,854) | 9,484,355 | 19,267,953 | (4,953,981) | 14,313,972 |
| Adjustment receivable | | | | | | |
| - future | 204,030 | - | 204,030 | 13,206 | - | 13,206 |
| Receivable forward | | | | | | |
| purchases | 1,747,227 | - | 1,747,227 | 102,070 | - | 102,070 |
| Receivable forward | | | | | | |
| sales (1) | 345,783 | - | 345,783 | 1,134,056 | - | 1,134,056 |
| Premiums on | | | | | | |
| exercisable options | 1,405,729 | 336,808 | 1,742,537 | 537,960 | (29,036) | 508,924 |
| Total assets (A) | 16,406,978 | (2,883,046) | 13,523,932 | 21,055,245 | (4,983,017) | 16,072,228 |
| Adjustment payables - | | | | | | |
| swaps | (10,032,949) | (2,012,522) | (12,045,471) | (8,931,435) | (4,209,766) | (13,141,201) |
| Adjustment payables - | | | | | | |
| future | (17,975) | - | (17,975) | (115,563) | - | (115,563) |
| Payable forward | | | | | | |
| purchases | (919,062) | - | (919,062) | (593,386) | - | (593,386) |
| Payable forward sales | (863,683) | - | (863,683) | (473,011) | - | (473,011) |
| Premiums on written | | | | | | |
| options | (1,581,516) | (295,313) | (1,876,829) | (401,177) | 27,876 | (373,301) |
| Total liabilities (B) | (13,415,185) | (2,307,835) | (15,723,020) | (10,514,572) | (4,181,890) | (14,696,462) |
| Net Effect (A-B) | 2,991,793 | (5,190,881) | (2,199,088) | 10,540,673 | (9,164,907) | 1,375,766 |

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

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

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

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

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

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

V) Revenues and expenses, net

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

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

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

On September 30 - R\$ thousand

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

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

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

e) Credit Default Swaps (CDS)

On September 30, 2018, Bradesco had credit default swaps (CDS) with the following characteristics: the risk received in credit swaps whose underlying assets are “debt securities issued by companies” in the amount of R\$ 781,521 thousand (R\$ 326,510 thousand in 2017) and “bonds of the Brazilian public debt” in the amount of R\$ 881,155 thousand (R\$ 586,080 thousand in 2017); and the risk transferred in credit swaps whose underlying assets are Brazilian public debt”, was R\$ (380,371) thousand (R\$ (47,520) thousand in 2017), and “foreign public debt derivatives” was R\$ (40,039) thousand (R\$ (205,920) thousand in 2017), amounting to a total net credit risk value of R\$ 1,242,266 thousand (R\$ 659,150 thousand in 2017), with an effect on the calculation of required shareholders’ equity of R\$ 83,765 thousand (R\$ 22,958 thousand in 2017). The contracts related to credit derivatives transactions described above are due in 2025. The mark-to-market of the protection rates that remunerates the counterparty that received the risk totaled R\$ (25,258) thousand (R\$ (3,275) thousand in 2017). There were no credit events, as defined in the agreements, during the period.

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

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

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

| Strategy | Hedge instrument nominal value | Hedge object accounting value | On September 30 - R\$ thousand | |
|---|--------------------------------|-------------------------------|---|---|
| | | | Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects) | Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects) |
| Hedge of interest receipts from investments in securities (1) | 9,631,686 | 9,099,199 | 10,510 | 6,306 |
| Hedge of interest payments on funding (2) | 4,825,810 | 4,716,211 | (34,970) | (20,982) |
| Total in 2018 | 14,457,496 | 13,815,410 | (24,460) | (14,676) |
| * | | | | |
| Hedge of interest receipts from investments in securities (1) | 16,799,041 | 16,011,629 | 89,714 | 53,828 |
| Hedge of interest payments on funding (2) | 6,646,749 | 6,548,823 | (108,980) | (65,388) |
| Total in 2017 | 23,445,790 | 22,560,452 | (19,266) | (11,560) |

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

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

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

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

For the next 12 months, the gains related to the cash flow hedge, which we expect to recognize in the income statement, amount to R\$ (21,291) thousand.

The gains/(losses) related to the cash flow hedge recorded in the income statements in the nine months period ended on September 30, 2018 were R\$ 15,102 thousand.

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

| Strategy | Hedge instrument nominal value | Hedge object accounting value | On September 30 - R\$ thousand | |
|--|--------------------------------|-------------------------------|---|---|
| | | | Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects) | Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects) |
| Hedge of exchange variation on future cash flows (1) | 1,569,491 | 820,433 | (384,180) | (230,508) |
| Total in 2018 | 1,569,491 | 820,433 | (384,180) | (230,508) |
| Hedge of exchange variation on future cash flows (1) | 1,129,082 | 649,573 | (98,474) | (59,084) |
| Total in 2017 | 1,129,082 | 649,573 | (98,474) | (59,084) |

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

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

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For the next 12 months, the gains/(losses) related to the hedge of investments abroad, which we expect to recognize in the result, amount to R\$ 560 thousand.

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

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

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

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

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

8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT

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

a) Reserve requirement

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

For more information on compulsory deposits see Note 34.

b) Revenue from reserve requirement

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

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

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

a) By type and maturity

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

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

| | | | | | | | | | | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|--------------|--|
| certificate | | | | | | | | | | |
| Guarantee given on | | | | | | | | | | |
| rural loans | - | - | - | - | - | 76,813 | 76,813 | - | | |
| assigned | | | | | | | | | | |
| Letters of credit for | 140,427 | 126,842 | 44,917 | 92,223 | 32,444 | - | 436,853 | 0.1 | 2 | |
| imports | | | | | | | | | | |
| Confirmed exports | 1,424 | 146 | - | 20,000 | 45,696 | - | 67,266 | - | | |
| loans | | | | | | | | | | |
| Total - | | | | | | | | | | |
| Off-balance-sheet | 2,748,743 | 670,341 | 993,469 | 6,723,274 | 12,017,946 | 49,667,502 | 72,821,275 | 16.2 | 73,8 | |
| accounts | | | | | | | | | | |
| Total in 2018 | 50,073,410 | 27,448,985 | 24,023,734 | 52,038,536 | 67,134,534 | 228,782,782 | 449,501,981 | 100.0 | | |
| Total in 2017 | 41,854,855 | 28,040,188 | 23,281,820 | 46,282,065 | 66,518,204 | 206,898,080 | | | 412,8 | |

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

| On September 30 - R\$ thousand | | | | | | | | | |
|--|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------|--------------|------------------------------|--------------|
| | Non-performing loans Installments not yet due | | | | | Total in 2018 (C) | % (4) | Total in 2017 (C) | % (4) |
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | | | | |
| Discounted trade receivables and loans (1) | 600,310 | 502,034 | 443,801 | 1,111,493 | 1,672,720 | 4,235,252 | 8.5 | 565,610 | 58.1 |
| Financing | 218,869 | 185,279 | 184,791 | 527,146 | 810,531 | 3,692,589 | 5.6 | 19,205 | 38.1 |
| Agricultural and agribusiness loans | 58,336 | 16,189 | 18,285 | 26,708 | 65,939 | 139,683 | 3.2 | 252,531 | 1.5 |
| Subtotal | 877,515 | 703,502 | 646,877 | 1,665,347 | 2,549,190 | 8,067,524 | 14.5 | 16,873,149 | 99.1 |

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

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

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

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

(1) Including credit card loans of R\$ 13,444,351 thousand (R\$ 15,805,281 thousand in 2017);

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

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$ 26,457,483 thousand (R\$ 24,133,529 thousand in 2017); and

(4) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables, co-obligations in the transfer of rural credit, credits opened for importation and confirmed export credits.

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

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

| | Levels of risk | | | | | | | | |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|
| | AA | A | B | C | D | E | F | G | H |
| Discounted trade receivables and loans | 24,697,247 | 83,476,932 | 15,561,917 | 28,417,795 | 7,359,664 | 5,612,569 | 3,362,071 | 2,470,662 | 13,952,600 |
| Financing | 81,615,774 | 24,290,560 | 14,319,785 | 10,164,210 | 1,701,972 | 1,969,193 | 616,108 | 731,112 | 2,965,290 |
| Agricultural and agribusiness loans | 5,518,185 | 4,992,720 | 7,174,204 | 2,715,523 | 438,964 | 91,581 | 31,991 | 23,746 | 139,870 |
| Subtotal | 111,831,206 | 112,760,212 | 37,055,906 | 41,297,528 | 9,500,600 | 7,673,343 | 4,010,170 | 3,225,520 | 17,057,770 |
| Leases | 307,412 | 325,605 | 1,197,486 | 32,764 | 66,509 | 4,232 | 7,283 | 2,529 | 51,600 |
| Advances on foreign exchange contracts (2) | 5,380,073 | 2,849,635 | 3,225,159 | 1,940,809 | 28,785 | 319,080 | 6,164 | 83,291 | 157,700 |
| Subtotal | 117,518,691 | 115,935,452 | 41,478,551 | 43,271,101 | 9,595,894 | 7,996,655 | 4,023,617 | 3,311,340 | 17,267,080 |
| Other receivables | 9,027,913 | 19,876,987 | 3,696,352 | 4,170,970 | 222,973 | 125,450 | 48,091 | 58,477 | 622,260 |
| Total in 2018 | 126,546,604 | 135,812,439 | 45,174,903 | 47,442,071 | 9,818,867 | 8,122,105 | 4,071,708 | 3,369,817 | 17,889,340 |
| % | 31.8 | 34.1 | 11.3 | 11.9 | 2.5 | 2.0 | 1.0 | 0.9 | 4.1 |
| Total in 2017 | 115,572,463 | 122,146,660 | 42,371,217 | 41,992,118 | 12,289,611 | 6,976,988 | 4,259,371 | 2,979,813 | 19,733,620 |
| % | 31.3 | 33.2 | 11.5 | 11.4 | 3.3 | 1.9 | 1.2 | 0.8 | 5.1 |

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

(2) Note 10a.

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

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

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| | Levels of risk Performing loans | | | | | | | | |
|----------------------------|------------------------------------|-------------|------------|------------|------------|------------|-----------|-----------|------------|
| | AA | A | B | C | D | E | F | G | H |
| Installments not yet due | 126,546,604 | 135,812,439 | 43,624,995 | 43,689,518 | 7,295,904 | 5,816,986 | 1,739,684 | 976,764 | 7,057,020 |
| 1 to 30 | 11,266,242 | 20,879,547 | 4,640,194 | 6,527,777 | 811,534 | 647,025 | 98,076 | 350,087 | 632,381 |
| 31 to 60 | 7,056,955 | 9,739,881 | 2,982,098 | 3,734,154 | 313,456 | 1,891,541 | 39,422 | 33,100 | 267,892 |
| 61 to 90 | 6,444,890 | 9,230,049 | 2,750,681 | 3,397,884 | 311,221 | 120,651 | 39,575 | 42,081 | 230,304 |
| 91 to 180 | 13,477,886 | 15,755,548 | 6,313,026 | 6,985,533 | 560,369 | 614,223 | 96,581 | 80,106 | 459,714 |
| 181 to 360 | 16,111,863 | 21,515,020 | 7,051,031 | 7,412,614 | 660,233 | 442,295 | 201,824 | 151,771 | 1,076,299 |
| More than 360 | 72,188,768 | 58,692,394 | 19,887,965 | 15,631,556 | 4,639,091 | 12,101,251 | 1,264,206 | 319,619 | 4,390,430 |
| Generic provision | - | 679,062 | 436,250 | 1,310,686 | 729,590 | 1,745,095 | 869,842 | 683,735 | 7,057,020 |
| Total in 2018 | 126,546,604 | 135,812,439 | 45,174,903 | 47,442,071 | 9,818,867 | 18,122,105 | 4,071,708 | 3,369,817 | 17,889,349 |
| Existing provision | - | 770,957 | 490,886 | 1,557,111 | 1,512,630 | 5,649,952 | 3,932,524 | 3,344,259 | 17,889,349 |
| Minimum required provision | - | 679,062 | 451,749 | 1,423,262 | 981,887 | 2,436,631 | 2,035,854 | 2,358,872 | 17,889,349 |
| Excess provision | - | 91,895 | 39,137 | 133,849 | 530,743 | 3,213,321 | 1,896,670 | 985,387 | - |
| Total in 2017 | 115,572,463 | 122,146,660 | 42,371,217 | 41,992,118 | 12,289,611 | 16,976,988 | 4,259,371 | 2,979,813 | 19,733,621 |
| Existing provision | - | 690,807 | 461,059 | 1,409,973 | 1,934,079 | 5,079,104 | 4,202,252 | 2,965,533 | 19,733,621 |
| Minimum required provision | - | 610,733 | 423,712 | 1,259,763 | 1,228,961 | 2,093,096 | 2,129,686 | 2,085,869 | 19,733,621 |
| Excess provision | - | 80,074 | 37,347 | 150,210 | 705,118 | 2,986,008 | 2,072,566 | 879,664 | - |

(1) Percentage of maturities by installment.

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that 178

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

| | On September 30 - R\$ thousand | | | |
|-----------------------|--------------------------------|--------------|-------------|--------------|
| | 2018 | % (1) | 2017 | % (1) |
| Largest borrower | 9,196,229 | 2.3 | 9,164,562 | 2.5 |
| 10 largest borrowers | 34,298,716 | 8.6 | 30,602,695 | 8.3 |
| 20 largest borrowers | 52,807,293 | 13.3 | 47,214,770 | 12.8 |
| 50 largest borrowers | 75,348,376 | 18.9 | 68,640,954 | 18.6 |
| 100 largest borrowers | 94,019,157 | 23.6 | 84,954,505 | 23.0 |

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

e) By economic sector

| | On September 30 - R\$ thousand | | | |
|--|--------------------------------|-------------|--------------------|-------------|
| | 2018 | % | 2017 | % |
| Public sector | 9,441,875 | 2.4 | 9,427,498 | 2.6 |
| Oil, derivatives and aggregate activities | 9,196,229 | 2.3 | 9,164,562 | 2.5 |
| Production and distribution of electricity | 1,833 | - | 1,746 | - |
| Other industries | 243,813 | 0.1 | 261,190 | 0.1 |
| Private sector | 388,805,988 | 97.6 | 358,894,364 | 97.4 |
| Companies | 204,313,485 | 51.3 | 188,427,151 | 51.2 |
| Real estate and construction activities | 26,809,258 | 6.7 | 28,556,374 | 7.8 |
| Retail | 28,208,957 | 7.1 | 21,511,818 | 5.8 |
| Services | 20,643,878 | 5.2 | 16,872,220 | 4.6 |
| Transportation and concession | 16,287,971 | 4.1 | 14,116,957 | 3.8 |
| Automotive | 12,378,885 | 3.1 | 12,439,148 | 3.4 |
| Food products | 12,550,072 | 3.2 | 9,645,832 | 2.6 |
| Wholesale | 10,697,308 | 2.7 | 9,475,078 | 2.6 |
| Production and distribution of electricity | 5,447,116 | 1.4 | 7,452,568 | 2.0 |
| Iron and steel industry | 7,657,259 | 1.9 | 7,537,461 | 2.0 |
| Sugar and alcohol | 7,166,203 | 1.8 | 6,652,816 | 1.8 |
| Holding | 3,634,109 | 0.9 | 5,800,975 | 1.6 |
| Capital goods | 3,753,620 | 0.9 | 4,411,336 | 1.2 |

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

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| | | | | |
|---|--------------------|--------------|--------------------|--------------|
| Pulp and paper | 2,842,350 | 0.7 | 3,246,656 | 0.9 |
| Chemical | 3,822,682 | 1.0 | 3,437,386 | 0.9 |
| Cooperative | 3,811,541 | 1.0 | 3,219,751 | 0.9 |
| Financial | 2,223,084 | 0.6 | 2,854,201 | 0.8 |
| Leisure and tourism | 2,975,407 | 0.7 | 2,733,439 | 0.7 |
| Textiles | 2,064,854 | 0.5 | 2,278,577 | 0.6 |
| Agriculture | 2,061,190 | 0.5 | 2,482,516 | 0.7 |
| Oil, derivatives and aggregate activities | 2,216,051 | 0.6 | 2,354,651 | 0.6 |
| Other industries | 27,061,690 | 6.8 | 21,347,391 | 5.8 |
| Individuals | 184,492,503 | 46.3 | 170,467,213 | 46.3 |
| Total | 398,247,863 | 100.0 | 368,321,862 | 100.0 |

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

| On September 30 - R\$ thousand | | | | | | | | |
|--------------------------------|-----------------------|--------------------------|------------------------------|--------------------|--------------------|--------------|------------|------------|
| Level of risk | Non-performing loans | | Portfolio balance | | Total | % (1) | % 2018 (2) | % 2017 (2) |
| | Installments past due | Installments not yet due | Total - non-performing loans | Performing loans | | | | |
| AA | - | - | - | 126,546,604 | 126,546,604 | 31.8 | 31.8 | 31.3 |
| A | - | - | - | 135,812,439 | 135,812,439 | 34.1 | 65.9 | 64.5 |
| B | 405,919 | 1,143,989 | 1,549,908 | 43,624,995 | 45,174,903 | 11.3 | 77.2 | 76.0 |
| C | 858,184 | 2,894,369 | 3,752,553 | 43,689,518 | 47,442,071 | 11.9 | 89.1 | 87.4 |
| Subtotal | 1,264,103 | 4,038,358 | 5,302,461 | 349,673,556 | 354,976,017 | 89.1 | | |
| D | 835,415 | 1,687,548 | 2,522,963 | 7,295,904 | 9,818,867 | 2.5 | 91.6 | 90.7 |
| E | 771,056 | 1,534,063 | 2,305,119 | 5,816,986 | 8,122,105 | 2.0 | 93.6 | 92.6 |
| F | 1,090,398 | 1,241,626 | 2,332,024 | 1,739,684 | 4,071,708 | 1.0 | 94.6 | 93.8 |
| G | 1,191,753 | 1,201,300 | 2,393,053 | 976,764 | 3,369,817 | 0.9 | 95.5 | 94.6 |
| H | 5,790,898 | 5,041,431 | 10,832,329 | 7,057,020 | 17,889,349 | 4.5 | 100.0 | 100.0 |
| Subtotal | 9,679,520 | 10,705,968 | 20,385,488 | 22,886,358 | 43,271,846 | 10.9 | | |
| Total in 2018 | 10,943,623 | 14,744,326 | 25,687,949 | 372,559,914 | 398,247,863 | 100.0 | | |
| % | 2.8 | 3.7 | 6.5 | 93.5 | 100.0 | | | |
| Total in 2017 | 13,510,076 | 17,026,825 | 30,536,901 | 337,784,961 | 368,321,862 | | | |
| % | 3.7 | 4.6 | 8.3 | 91.7 | 100.0 | | | |

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

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

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| On September 30 - R\$ thousand | | | | | | | | | |
|--------------------------------|---------------------------------|-----------------------|-----------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------|
| Level of risk | % Minimum provisioning required | Minimum required | | | Provision | | Excess | Existing | % 2018 (1) |
| | | Installments past due | Specific Installments not yet due | Total specific | Generic | Total | | | |
| AA | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 679,062 | 679,062 | 91,895 | 770,957 | 0.6 |
| B | 1.0 | 4,059 | 11,440 | 15,499 | 436,250 | 451,749 | 39,137 | 490,886 | 1.1 |
| C | 3.0 | 25,745 | 86,831 | 112,576 | 1,310,686 | 1,423,262 | 133,849 | 1,557,111 | 3.3 |
| Subtotal | | 29,804 | 98,271 | 128,075 | 2,425,998 | 2,554,073 | 264,881 | 2,818,954 | 0.8 |
| D | 10.0 | 83,542 | 168,755 | 252,297 | 729,590 | 981,887 | 530,743 | 1,512,630 | 15.4 |
| E | 30.0 | 231,317 | 460,219 | 691,536 | 1,745,095 | 2,436,631 | 3,213,321 | 5,649,952 | 69.6 |
| F | 50.0 | 545,199 | 620,813 | 1,166,012 | 869,842 | 2,035,854 | 1,896,670 | 3,932,524 | 96.6 |
| G | 70.0 | 834,227 | 840,910 | 1,675,137 | 683,735 | 2,358,872 | 985,387 | 3,344,259 | 99.2 |
| H | 100.0 | 5,790,898 | 5,041,431 | 10,832,329 | 7,057,020 | 17,889,349 | - | 17,889,349 | 100.0 |
| Subtotal | | 7,485,183 | 7,132,128 | 14,617,311 | 11,085,282 | 25,702,593 | 6,626,121 | 32,328,714 | 74.7 |
| Total in 2018 | | 7,514,987 | 7,230,399 | 14,745,386 | 13,511,280 | 28,256,666 | 6,891,002 | 35,147,668 | 8.8 |
| % | | 21.4 | 20.6 | 42.0 | 38.4 | 80.4 | 19.6 | 100.0 | |
| Total in 2017 | | 8,794,714 | 8,490,670 | 17,285,384 | 12,280,057 | 29,565,441 | 6,910,987 | 36,476,428 | |
| % | | 24.1 | 23.3 | 47.4 | 33.7 | 81.1 | 18.9 | 100.0 | |

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

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

| | | R\$ thousand |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| - Specific provision (1) | 16,828,454 | 22,386,423 |
| - Generic provision (2) | 12,699,936 | 10,737,580 |
| - Excess provision (3) (4) | 6,895,477 | 7,490,351 |
| - Loans | 6,895,477 | 4,429,361 |
| - Guarantees provided (4) | - | 3,060,990 |
| Opening balance on December 31 | 36,423,867 | 40,614,354 |
| Accounting for allowance for loan losses (Note 9h-1) (5) | 13,760,676 | 19,717,425 |
| Accounting for/reversal of provisions for guarantees provided (4) | - | (3,060,990) |
| Net write-offs/other | (15,036,875) | (20,794,361) |
| Closing balance on September 30 | 35,147,668 | 36,476,428 |
| - Specific provision (1) | 14,745,386 | 17,285,384 |
| - Generic provision (2) | 13,511,280 | 12,280,057 |
| - Excess provision (3) | 6,891,002 | 6,910,987 |

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

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

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

(4) Up to December 31, 2016, included the constitution of provision for guarantees provided, encompassing sureties, guarantees, credit letters, and standby letter of credit, which comprises the concept of "excess" provision that totaled R\$ 3,060,990 thousand. In accordance with Resolution No. 4,512/16, in January, 2017, part of this balance (R\$ 604,623 thousand) was allocated to a specific account under "Other Liabilities - Sundry" (Note 19b), and the remaining balance (R\$ 2,456,367 thousand) was allocated to "Excess Provision - Loans"; and

(5) Includes, in the nine months period ended on September 30, 2017, the formation of allowance for loan losses, in the amount of R\$ 2,456,367 thousand, as a result of the adequacy of the provision for guarantees provided, already mentioned in the previous item.

h) Allowance for Loan Losses expense net of amounts recovered

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

| | In the nine month period ended September 30 - R\$ thousand | |
|---|--|-------------------|
| | 2018 | 2017 |
| Amount recognized (1) | 13,760,676 | 17,261,058 |
| Amount recovered (2) (3) | (5,608,535) | (5,446,171) |
| Allowance for Loan Losses expense net of amounts recovered | 8,152,141 | 11,814,887 |

(1) In the nine months period ended on September 30, 2017, it refers to the formation of allowance for loan losses, in the amount of R\$ 19,717,425 thousand, excluding the portion related to the adequacy of the provision for guarantees provided, in the amount of R\$ 2,456,367 thousand (Note 9g);

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

(3) In the nine months period ended on September 30, 2018, credit was granted for operations already written-off for losses, without the retention of risks and benefits, in the amount of R\$ 8,849,035 thousand (R\$ 7,866,440 thousand in 2017), whose sale value was R\$ 155,490 thousand (R\$ 88,226 thousand in 2017).

i) Changes in the renegotiated portfolio

| | On September 30 - R\$ thousand | |
|--|--------------------------------|-------------------|
| | 2018 | 2017 |
| Opening balance on December 31 | 17,183,869 | 17,501,423 |
| Amount renegotiated | 11,685,534 | 12,891,134 |
| Amount received | (7,013,141) | (7,623,306) |
| Write-offs | (4,384,551) | (4,698,873) |
| Closing balance on September 30 | 17,471,711 | 18,070,378 |
| Allowance for loan losses | 13,633,053 | 13,737,277 |
| Percentage on renegotiated portfolio | 78.0% | 76.0% |

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

In the nine month period ended September 30 - R\$ thousand

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Discounted trade receivables and loans | 33,600,293 | 36,164,924 |
| Financing | 11,600,400 | 12,577,410 |
| Agricultural and agribusiness loans | 1,542,569 | 1,256,438 |
| Subtotal | 46,743,262 | 49,998,772 |
| Recovery of credits charged-off as losses | 5,608,535 | 5,446,171 |
| Subtotal | 52,351,797 | 55,444,943 |
| Leases, net of expenses | 170,646 | 190,410 |
| Total | 52,522,443 | 55,635,353 |

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

| | On September 30 - R\$ thousand | |
|--|--------------------------------|-------------------|
| | 2018 | 2017 |
| Assets – other receivables | | |
| Exchange purchases pending settlement | 21,360,166 | 15,839,537 |
| Foreign exchange and forward documents in foreign currencies | 1,797 | 4,083 |
| Exchange sale receivables | 2,792,615 | 4,954,077 |
| (-) Advances in domestic currency received | (502,394) | (436,567) |
| Income receivable on advances granted | 238,316 | 163,818 |
| Total | 23,890,500 | 20,524,948 |
| Liabilities – other liabilities | | |
| Exchange sales pending settlement | 6,095,958 | 4,936,100 |

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

| | | |
|--|-------------------|-------------------|
| Exchange purchase payables | 16,814,938 | 15,906,193 |
| (-) Advances on foreign exchange contracts | (13,990,705) | (10,023,605) |
| Other | 2,967 | 4,035 |
| Total | 8,923,158 | 10,822,723 |
| Net foreign exchange portfolio | 14,967,342 | 9,702,225 |
| Off-balance-sheet accounts: | | |
| - Loans available for import | 436,853 | 287,327 |
| - Confirmed exports loans | 67,266 | 77,928 |

Foreign exchange results

Adjusted foreign exchange results for presentation purposes

| | In the nine month period ended September 30 - R\$ thousand | |
|---|--|------------------|
| | 2018 | 2017 |
| Foreign exchange income | 1,537,248 | 1,540,460 |
| Adjustments: | | |
| - Income on foreign currency financing (1) | 176,227 | 111,549 |
| - Income on export financing (1) | 1,240,697 | 1,633,950 |
| - Expenses of liabilities with foreign bankers (2) (Note 16c) | (1,273,562) | (748,753) |
| - Funding expenses (3) | (1,252,870) | (1,272,192) |
| - Other (4) | 635,859 | 44,540 |
| Total adjustments | (473,649) | (230,906) |
| Adjusted foreign exchange income | 1,063,599 | 1,309,554 |

(1) Recognized in "Income from loans";

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

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

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

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

| | On September 30 - R\$ thousand | |
|---------------------------------|--------------------------------|--------------------|
| | 2018 | 2017 |
| Deferred tax assets (Note 33c) | 58,952,439 | 54,082,393 |
| Credit card operations | 26,457,483 | 25,323,832 |
| Debtors for escrow deposits | 18,814,673 | 17,535,828 |
| Trade and credit receivables | 11,187,160 | 6,760,564 |
| Prepaid taxes | 11,976,866 | 7,093,860 |
| Other debtors | 3,430,023 | 4,855,776 |
| Payments to be reimbursed | 899,024 | 808,890 |
| Receivables from sale of assets | 203,505 | 158,530 |
| Other | 746,082 | 1,049,620 |
| Total | 132,667,255 | 117,669,293 |

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

| | | | On September 30 - R\$ thousand | |
|-------------------------------------|------------------|-----------------------------|--------------------------------|------------------|
| | Cost | Provision for losses | Cost net of provision | |
| | | | 2018 | 2017 |
| Real estate | 1,587,774 | (437,810) | 1,149,964 | 1,313,333 |
| Vehicles and similar | 558,319 | (321,250) | 237,069 | 282,036 |
| Goods subject to special conditions | 796,171 | (796,171) | - | - |
| Inventories/warehouse | 17,552 | - | 17,552 | 25,915 |
| Machinery and equipment | 6,862 | (6,595) | 267 | 1,238 |
| Other | 22,931 | (21,699) | 1,232 | 2,861 |
| Total in 2018 | 2,989,609 | (1,583,525) | 1,406,084 | |
| Total in 2017 | 2,990,174 | (1,364,791) | | 1,625,383 |

b) Prepaid expenses

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

| | On September 30 - R\$ thousand | |
|--|--------------------------------|------------------|
| | 2018 | 2017 |
| Deferred insurance acquisition costs (1) | 990,553 | 1,194,697 |
| Commission on the placement of loans and financing (2) | 499,106 | 413,809 |
| Advertising and marketing expenses (3) | 108,375 | 55,418 |
| Other (4) | 944,261 | 1,007,625 |
| Total | 2,542,295 | 2,671,549 |

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

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

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

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

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Notes to the Consolidated Financial Statements**12) INVESTMENTS****a) Composition of investments in the consolidated financial statements**

| Associates and Jointly Controlled Companies | On September 30 - R\$ thousand | |
|---|--------------------------------|------------------|
| | 2018 | 2017 |
| - Cielo S.A. | 4,157,100 | 4,120,631 |
| - Elo Participações S.A. | 1,258,772 | 1,080,789 |
| - Fleury S.A. | 686,014 | 677,980 |
| - IRB-Brasil Resseguros S.A. | 540,881 | 509,802 |
| - Swiss Re Corporate Solutions Brasil | 451,896 | 483,360 |
| - Aquarius Participações S.A. | 353,706 | 345,085 |
| - Haitong Banco de Investimento do Brasil S.A. | 103,944 | 114,275 |
| - Others | 432,682 | 400,571 |
| Total investment in Associates and Jointly Controlled Companies – in Brazil and Overseas | 7,984,995 | 7,732,493 |
| - Tax incentives | 234,717 | 234,717 |
| - Other investments | 157,708 | 168,715 |
| Provision for: | | |
| - Tax incentives | (208,106) | (207,933) |
| - Other investments | (35,298) | (46,820) |
| Total investments | 8,134,016 | 7,881,172 |

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

| In the nine month period ended September 30 - R\$ thousand | | | | | | | | |
|--|---------|-------------------------------|---|-------------------|---|-----------------|-----------------------------------|------|
| Companies | Capital | Shareholders' equity adjusted | Number of shares/quotas held (in thousands) | | Equity interest consolidated on capital stock | Adjusted income | Equity accounting adjustments (1) | |
| | | | Ordinary (ON) | Preferential (PN) | | | 2018 | 2017 |
| | | | | | | | | |

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

| | | | | | | | | |
|--|-----------|-----------|---------|--------|--------|---------|------------------|------------------|
| - Elo Participações S.A. (2) | 1,052,000 | 2,517,041 | 372 | - | 50.01% | 428,192 | 214,139 | 159,221 |
| - Aquarius Participações S.A. | 518,592 | 721,849 | 254,110 | - | 49.00% | 183,831 | 90,077 | 81,454 |
| - Haitong Banco de Investimento do Brasil S.A. | 420,000 | 519,720 | 12,734 | 12,734 | 20.00% | (1,495) | (299) | (14,207) |
| - Others (3) | | | | | | | 851,085 | 908,341 |
| Share of profit (loss) of unconsolidated and jointly controlled companies | | | | | | | 1,155,002 | 1,134,809 |

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

(2) Investment in jointly controlled companies; and

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

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

| | Annual rate | Cost | Depreciation | On September 30 - R\$ thousand | |
|--|----------------|-------------------|--------------------|----------------------------------|------------------|
| | | | | Cost net of depreciation 2018 | 2017 |
| Property and equipment: | | | | | |
| - Buildings | 4% | 2,303,926 | (675,373) | 1,628,553 | 1,168,113 |
| - Land | - | 818,723 | - | 818,723 | 853,191 |
| Facilities, furniture and premises and equipment | 10% | 5,325,193 | (3,027,060) | 2,298,133 | 2,390,237 |
| Security and communication systems | 10% | 371,643 | (230,610) | 141,033 | 137,476 |
| Data processing systems | 20 to 40% | 7,615,998 | (5,154,045) | 2,461,953 | 2,458,335 |
| Transportation systems | 10 to 20% | 89,758 | (57,595) | 32,163 | 41,410 |
| Fixed Assets in course | - | 62,347 | - | 62,347 | 200,667 |
| Total in 2018 | | 16,587,588 | (9,144,683) | 7,442,905 | |
| Total in 2017 | | 15,133,183 | (7,883,754) | | 7,249,429 |

The fixed assets to shareholders' equity ratio is 38.0% when considering only the companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0%.

14) INTANGIBLE ASSETS**a) Goodwill**

The goodwill recognized from investment acquisitions totaled R\$ 7,667,007 thousand, net of accumulated amortization, as applicable, of which: (i) R\$ 1,828,114 thousand recognized in 'Permanent Assets – Investments' arose from the acquisition of shares of associates and jointly controlled companies (Cielo/Fleury/Swiss Re); and (ii) R\$ 5,838,893 thousand arose from the acquisition of shares of subsidiaries, relating to the future profitability/client portfolio/fair value, which is amortized in up to twenty years, net of accrued amortizations, if applicable, recognized in Fixed Assets – Intangible Assets.

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

In the nine months period ended on September 30, 2018, goodwill was amortized totaling R\$ 1,665,962 thousand (R\$ 1,800,954 thousand in 2017) (Note 28).

b) Intangible assets

Acquired intangible assets consist of:

| | Rate of Amortization (1) | Cost | Amortization | On September 30 - R\$ thousand Cost net of amortization | |
|--|--------------------------------|-------------------|---------------------|--|-------------------|
| | | | | 2018 | 2017 |
| Acquisition of financial services rights | Contract | 6,004,847 | (2,260,435) | 3,744,412 | 3,288,883 |
| Software (2) | 20% | 12,283,517 | (8,673,205) | 3,610,312 | 3,776,967 |
| Goodwill (3) | Up to 20% | 11,545,113 | (5,706,220) | 5,838,893 | 8,044,541 |
| Other | Contract | 63,974 | (27,983) | 35,991 | 30,982 |
| Total in 2018 | | 29,897,451 | (16,667,843) | 13,229,608 | |
| Total in 2017 | | 28,569,032 | (13,427,659) | | 15,141,373 |

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

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

(3) On September 30, 2018, primarily composed of goodwill on the acquisition of equity interest in Bradescard - R\$ 562,085 thousand, Odontoprev - R\$ 53,596 thousand, Odonto System – R\$ 167,764 thousand, value subject to change due to price adjustment, Bradescard Mexico - R\$ 15,827 thousand, Europ Assistance - R\$ 1,057 thousand, Bradesco BBI S.A. - R\$ 104,714 thousand and Kirton Bank - R\$ 4,926,157 thousand.

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

| | On September 30 - R\$ thousand | | | |
|---|--------------------------------|-------------------------------------|--|----------------------------|
| | Opening balance | Additions / (reductions) | Amortization for the period | Closing balance |
| Acquisition of financial services rights | 4,051,898 | 509,750 | (817,236) | 3,744,412 |
| Software | 3,790,418 | 821,188 | (1,001,294) | 3,610,312 |
| Goodwill – Future profitability | 3,761,412 | 117,301 | (698,648) | 3,180,065 |
| Goodwill – Based on intangible assets and other reasons | 2,548,412 | 54,654 | (639,640) | 1,963,426 |
| Goodwill – Difference in fair value of assets/liabilities | 1,048,717 | (25,641) | (327,674) | 695,402 |
| Other | 32,993 | 7,332 | (4,334) | 35,991 |
| Total in 2018 | 15,233,850 | 1,484,584 | (3,488,826) | 13,229,608 |
| Total in 2017 | 16,338,785 | 2,362,116 | (3,559,528) | 15,141,373 |

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

| | On September 30 - R\$ thousand | | | | | |
|----------------------|--------------------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | 2018 | 2017 |
| Demand deposits (1) | 33,487,987 | - | - | - | 33,487,987 | 30,326,471 |
| Savings deposits (1) | 106,375,341 | - | - | - | 106,375,341 | 98,223,969 |
| Interbank deposits | 247,493 | 309,407 | 16,881 | 30,505 | 604,286 | 1,560,706 |
| Time deposits (2) | 8,893,212 | 13,816,912 | 29,514,778 | 126,149,478 | 178,374,380 | 129,479,968 |
| Total in 2018 | 149,004,033 | 14,126,319 | 29,531,659 | 126,179,983 | 318,841,994 | |
| % | 46.7 | 4.4 | 9.3 | 39.6 | 100.0 | |
| Total in 2017 | 135,719,176 | 11,646,756 | 9,604,102 | 102,621,080 | | 259,591,114 |
| % | 52.3 | 4.5 | 3.7 | 39.5 | | 100.0 |

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

(2) Considers the actual maturities of the investments.

b) Securities sold under agreements to repurchase

| | On September 30 - R\$ thousand | | | | | |
|-----------------------------------|--------------------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | 2018 | 2017 |
| Own portfolio | 117,576,303 | 7,195,903 | 3,432,580 | 952,782 | 129,157,568 | 107,928,675 |
| Government securities | 103,079,034 | 184,833 | 53,612 | - | 103,317,479 | 55,549,848 |
| Debentures of own issuance | 5,046,312 | 6,971,444 | 3,212,083 | 36,981 | 15,266,820 | 43,441,446 |
| Foreign | 9,450,957 | 39,626 | 166,885 | 915,801 | 10,573,269 | 8,937,381 |
| Third-party portfolio (1) | 81,529,704 | - | - | - | 81,529,704 | 128,585,158 |
| Unrestricted portfolio (1) | 3,394,204 | 3,619,426 | 257,043 | - | 7,270,673 | 10,068,855 |
| Total in 2018 | 202,500,211 | 10,815,329 | 3,689,623 | 952,782 | 217,957,945 | |

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

| | | | | | |
|----------------------|--------------------|-------------------|------------------|-------------------|--------------------|
| % | 92.9 | 5.0 | 1.7 | 0.4 | 100.0 |
| Total in 2017 | 203,479,888 | 26,022,283 | 5,764,299 | 11,316,218 | 246,582,688 |
| % | 82.5 | 10.6 | 2.3 | 4.6 | 100.0 |

(1) Represented by government securities.

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

| | On September 30 - R\$ thousand | | | | | |
|--|--------------------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | 2018 | 2017 |
| Securities – Brazil: | | | | | | |
| - Financial bills | 5,678,292 | 16,748,364 | 16,063,242 | 67,578,307 | 106,068,205 | 95,630,909 |
| - Letters of credit for real estate | 917,577 | 4,698,547 | 14,081,739 | 6,759,840 | 26,457,703 | 28,543,823 |
| - Letters of credit for agribusiness | 932,568 | 4,789,060 | 4,394,140 | 2,410,661 | 12,526,429 | 7,472,019 |
| Subtotal | 7,528,437 | 26,235,971 | 34,539,121 | 76,748,808 | 145,052,337 | 131,646,751 |
| Securities – Overseas: | | | | | | |
| - Securitization of future flow of money orders received from overseas | 18,157 | 478,676 | 387,997 | 1,161,044 | 2,045,874 | 2,501,811 |
| - MTN Program Issues (1) | 15,092 | - | - | 1,256,059 | 1,271,151 | 393,491 |
| - Issuance costs | - | - | - | (17,914) | (17,914) | (21,295) |
| Subtotal | 33,249 | 478,676 | 387,997 | 2,399,189 | 3,299,111 | 2,874,007 |
| Structured Operations | 6,808 | 119,198 | 307,575 | 141,567 | 575,148 | 311,975 |
| Certificates | | | | | | |
| Total in 2018 | 7,568,494 | 26,833,845 | 35,234,693 | 79,289,564 | 148,926,596 | |
| % | 5.1 | 18.0 | 23.7 | 53.2 | 100.0 | |
| Total in 2017 | 3,543,112 | 35,905,707 | 41,172,048 | 54,211,866 | | 134,832,733 |
| % | 2.6 | 26.6 | 30.5 | 40.3 | | 100.0 |

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

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

| | | R\$ thousand |
|--|--------------------|--------------------|
| | 2018 | 2017 |
| Opening balance on December 31 | 135,011,308 | 150,807,358 |
| Issuance | 70,569,589 | 46,214,741 |
| Interest | 7,040,533 | 10,501,035 |
| Settlement and interest payments | (64,335,253) | (72,651,684) |
| Exchange variation | 640,419 | (38,717) |
| Closing balance on September 30 | 148,926,596 | 134,832,733 |

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

| | In the nine month period ended September 30 - R\$ thousand | |
|--|--|-------------------|
| | 2018 | 2017 |
| Savings deposits | 3,456,484 | 4,473,860 |
| Time deposits | 4,280,291 | 6,188,198 |
| Securities sold under agreements to repurchase | 11,631,560 | 19,549,633 |
| Funds from issuance of securities | 7,040,533 | 10,501,035 |
| Subordinated debts (Note 18) | 2,623,306 | 4,067,088 |
| Other funding expenses | 618,704 | 429,462 |
| Subtotal | 29,650,878 | 45,209,276 |
| Cost for inflation and interest adjustment of technical provisions of insurance, pension plans and capitalization bonds | 9,414,963 | 14,832,886 |
| Total | 39,065,841 | 60,042,162 |

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

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

| | On September 30 - R\$ thousand | | | | | |
|---------------------------------------|--------------------------------|-------------------|--------------------|-----------------------|------------|------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | 2018 | 2017 |
| In Brazil - Other Institutions | - | - | - | - | - | 3,567 |
| Overseas | 4,096,046 | 11,646,529 | 13,805,097 | 660,965 | 30,208,637 | 20,601,659 |
| Total in 2018 | 4,096,046 | 11,646,529 | 13,805,097 | 660,965 | 30,208,637 | |
| % | 13.6 | 38.6 | 45.6 | 2.2 | 100.0 | |
| Total in 2017 | 3,295,769 | 9,933,426 | 6,105,341 | 1,270,690 | | 20,605,226 |
| % | 16.0 | 48.2 | 29.6 | 6.2 | | 100.0 |

b) On-lending

| | On September 30 - R\$ thousand | | | | | |
|----------------------|--------------------------------|-------------------|--------------------|-----------------------|------------|------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | 2018 | 2017 |
| In Brazil | 1,036,559 | 3,378,088 | 3,521,979 | 17,360,622 | 25,297,248 | 31,465,363 |
| - FINAME | 618,466 | 2,269,607 | 2,444,176 | 9,209,450 | 14,541,699 | 17,664,631 |
| - BNDES | 417,898 | 1,108,481 | 947,956 | 8,151,172 | 10,625,507 | 13,647,858 |
| - National Treasury | - | - | 128,528 | - | 128,528 | 151,335 |
| - Other institutions | 195 | - | 1,319 | - | 1,514 | 1,539 |
| Total in 2018 | 1,036,559 | 3,378,088 | 3,521,979 | 17,360,622 | 25,297,248 | |
| % | 4.1 | 13.4 | 13.9 | 68.6 | 100.0 | |
| Total in 2017 | 1,002,116 | 3,997,175 | 6,321,022 | 20,145,050 | | 31,465,363 |
| % | 3.2 | 12.7 | 20.1 | 64.0 | | 100.0 |

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

| | In the nine month period ended September 30 - R\$ thousand | |
|---|---|------------------|
| | 2018 | 2017 |
| Borrowing: | | |
| - In Brazil | 70,558 | 446,115 |
| - Overseas | 10,759,653 | (1,057,973) |
| - Exchange variation from assets and liabilities overseas | (5,074,885) | 771,222 |
| Subtotal borrowing | 5,755,326 | 159,364 |
| On-lending in Brazil: | | |
| - BNDES | 640,665 | 860,236 |
| - FINAME | 583,695 | 519,436 |
| - National Treasury | 2,852 | 5,111 |
| - Other institutions | 4 | 36 |
| On-lending overseas: | | |
| - Payables to foreign bankers (Note 10a) | 1,273,562 | 748,753 |
| Subtotal on-lending | 2,500,778 | 2,133,572 |
| Total | 8,256,104 | 2,292,936 |

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

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

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

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

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

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

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

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

I - Labor claims

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

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

II - Civil claims

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

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

In relation to the legal claims that are pleading alleged differences in the adjustment of inflation on savings account balances and due to the implementation of economic plans that were part of the federal government's economic policy to reduce inflation in the 80s and 90s, Bradesco, despite complying with the law and regulation in force at the time, has provisioned certain proceedings, taking into consideration the claims in which they were mentioned and the perspective of loss, considered after the analysis of each demand, based on the Superior Court of Justice (STJ)'s current decision.

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

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

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

III - Legal obligations – provision for tax risks

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

The main cases are:

- PIS and COFINS – R\$ 2,564,800 thousand (R\$ 2,460,959 thousand in 2017): a request for authorization to calculate and pay PIS and COFINS based on effective billing, as set forth in Article 2 of Supplementary Law No. 70/91, removing from the calculation base the unconstitutional inclusion of other revenues other than those billed;

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- IRPJ/CSLL on losses of credits – R\$ 1,646,913 thousand (R\$ 1,817,340 thousand in 2017): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- Pension Contributions – R\$ 1,548,837 thousand (R\$ 1,451,758 thousand in 2017): official notifications related to the pension contributions on financial contributions in private pension plans, considered by the authorities to be compensatory sums subject to the incidence of pension contributions and to an isolated fine for not withholding IRRF on the financial contributions;
- INSS Autonomous Brokers – R\$ 675,433 thousand (R\$ 636,204 thousand in 2017): The Bradesco Organization is questioning the charging of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law No. 84/96 and subsequent regulations/amendments, at 20.0% with an additional 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the scope of such a contribution as provided for in item I, Article 22 of Law No. 8,212/91, as new wording in Law No. 9,876/99; and
- INSS – Contribution to SAT – R\$ 413,525 thousand (R\$ 396,187 thousand in 2017): in an ordinary lawsuit filed by the Brazilian Federation of Banks – Febraban, since April 2007, on behalf of its members, is questioned the classification of banks at the highest level of risk, with respect to Work Accident Risk – RAT, which eventually raised the rate of the respective contribution from 1% to 3%, in accordance with Decree No. 6,042/07.

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

IV - Provisions by nature

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

| | On September 30 - R\$ thousand | |
|-------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| Labor claims | 6,023,797 | 5,425,861 |
| Civil claims | 5,537,685 | 5,171,045 |
| Provision for tax risks | 7,923,734 | 7,738,083 |
| Total (Note 19b) | 19,485,216 | 18,334,989 |

V - Changes in provisions

| | | R\$ thousand | |
|---|------------------|------------------|------------------|
| | | 2018 | 2017 |
| | Labor | Civil | Tax (1) |
| Balance on December 31, 2017 | 5,554,796 | 5,346,563 | 7,589,368 |
| Adjustment for inflation | 504,100 | 380,000 | 208,882 |
| Provisions, net of (reversals and write-offs) | 1,052,766 | 752,505 | 139,668 |
| Payments | (1,087,865) | (941,383) | (14,184) |
| Balance on September 30, 2018 | 6,023,797 | 5,537,685 | 7,923,734 |

(1) Mainly include legal obligations.

c) Contingent liabilities classified as possible losses

The Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recognized as a liability in the financial statements.

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The main proceedings in this category are the following: a) 2006 to 2013 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R\$ 6,840,761 thousand (R\$ 6,063,812 thousand in 2017); b) Fines and disallowances of Cofins loan compensations, released after a favorable decision in a judicial proceeding, where the unconstitutionality of the expansion of the intended calculation base was discussed for revenues other than those from billing (Law No. 9,718/98), in the amount of R\$ 5,030,229 thousand (R\$ 4,852,685 thousand in 2017); c) Leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R\$ 2,516,752 thousand (R\$ 2,482,349 thousand in 2017) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected; d) IRPJ and CSLL deficiency note relating to disallowance of exclusions of revenues from the mark-to-market of securities from 2004 to 2012, differences in depreciation expenses, insufficient depreciation expenses, expenses with depreciation of leased assets, operating expenses and income and disallowance of tax loss compensation, in the amount of R\$ 2,247,076 thousand (R\$ 1,443,814 thousand in 2017); e) IRPJ and CSLL tax assessments for the years 2012 and 2013, due to the disallowance of operating expenses (CDI), related to resources that were capitalized between the companies of the Organization, whose assessed amount is R\$ 1,670,067 thousand; f) Notifications and disallowances of compensations of PIS and Cofins related to the unconstitutional extension of the basis of calculation intended for other income other than the billing (Law No 9,718/98), from acquired companies, amounting to R\$ 1,434,363 thousand (R\$ 1,385,724 thousand in 2017); g) IRPJ and CSLL deficiency notice relating to the disallowance of loan loss deductions, for the amount of R\$ 582,240 thousand (R\$ 692,209 thousand in 2017); and h) IRPJ and CSLL deficiency note, amounting to R\$ 503,770 thousand (R\$512,086 thousand in 2017) relating to profit of subsidiaries based overseas, for the calendar years of 2008 and 2009.

d) Other matters

On May 31st, 2016, a criminal proceeding was opened against three members of Bradesco's Board of Executive Officers, carried out by the Brazilian Federal Police under the so-called "Operation Zelotes", which investigates the alleged improper performance of members of CARF - Administrative Council of Tax Appeals. On July 28th, 2016, the Public Prosecutor's Office filed charges against three members of the Board of Executive Officers, and a former member of its Board of Directors, which was received by the Federal District Judiciary Section's 10th Federal Court Judge. Currently, only two of the members of Bradesco's Board of Directors remain in the process. They presented their responses in the criminal case, pointing out the facts and evidence demonstrating their innocence.

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

The investigation phase of the process was already completed, and is currently waiting for the decision of the first degree court.

On account of the news of Operation Zealots, a Class Action was filed against Bradesco and three members of its Board of Executive Officers before the District Court of New York, on June 3rd, 2016, based on Section 10 (b) and 20 (a) of the Securities Exchange Act of 1934. The demand is based on the allegation that investors who purchased preferred American Depositary Shares ("ADS") of Bradesco between April 30th, 2012 and July 27th, 2016 suffered losses caused by alleged violation regarding the American laws of capital markets. On September 29th, 2017, the Court limited the proposed class to investors who purchased ADS Bradesco between August 8th, 2014 and July 27th, 2016, as well as excluding one of the executives. The Class Action is currently, in the phase of pre-trial Discovery and class certification. On September 14th, 2018, the plaintiff presented a formal request to include another class representative that has already been objected by Bradesco, which is currently being analyzed by the judge.

Considering the stage that the demand is at, it is not possible to gauge the exposure and there are insufficient elements to carry out a risk assessment.

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

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

| | | On September 30 - R\$ thousand | | |
|--------------------------|---------------------------|--------------------------------|-----------|------------|
| | Original term in years | Nominal amount | 2018 | 2017 |
| In Brazil: | | | | |
| Subordinated CDB: | | | | |
| 2019 | 10 | 20,000 | 68,174 | 60,531 |
| Financial bills: | | | | |
| 2017 (1) | 6 | - | - | 767,331 |
| 2018 (2) | 6 | 154,362 | 283,104 | 10,126,549 |
| 2019 | 6 | 21,858 | 38,571 | 35,399 |
| 2017 (1) | 7 | - | - | 50,562 |
| 2018 (2) | 7 | 350 | 788 | 307,714 |
| 2019 | 7 | 3,172,835 | 3,533,283 | 3,510,287 |
| 2020 | 7 | 1,700 | 2,990 | 2,744 |
| 2022 | 7 | 4,305,011 | 5,912,845 | 5,500,025 |
| 2023 | 7 | 1,359,452 | 1,796,685 | 1,663,007 |
| 2024 | 7 | 67,450 | 78,943 | 72,226 |
| 2025 (3) | 7 | 5,425,906 | 5,486,674 | - |
| 2018 (2) | 8 | - | - | 115,516 |
| 2019 | 8 | 12,735 | 30,865 | 27,359 |
| 2020 | 8 | 28,556 | 58,213 | 53,173 |
| 2021 | 8 | 1,236 | 2,158 | 1,988 |
| 2023 | 8 | 1,706,846 | 2,414,483 | 2,212,508 |
| 2024 | 8 | 136,695 | 169,322 | 155,793 |
| 2025 | 8 | 6,193,653 | 6,324,352 | 6,508,395 |
| 2026 (3) | 8 | 870,300 | 879,648 | - |
| 2021 | 9 | 7,000 | 13,828 | 12,873 |
| 2024 | 9 | 4,924 | 7,230 | 6,414 |
| 2025 | 9 | 400,944 | 481,835 | 448,046 |
| 2027 (3) | 9 | 144,900 | 146,582 | - |
| 2021 | 10 | 19,200 | 43,992 | 39,416 |

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

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| | | | | |
|---------------------------|----|-----------|-------------------|-------------------|
| 2022 | 10 | 54,143 | 106,460 | 97,145 |
| 2023 | 10 | 688,064 | 1,125,748 | 1,047,686 |
| 2025 | 10 | 284,137 | 436,700 | 378,815 |
| 2026 | 10 | 361,196 | 470,185 | 428,495 |
| 2027 | 10 | 258,743 | 291,100 | 268,610 |
| 2028 (3) | 10 | 248,300 | 252,071 | - |
| 2026 | 11 | 3,400 | 4,479 | 4,124 |
| 2027 | 11 | 47,046 | 57,265 | 52,870 |
| 2028 | 11 | 74,764 | 82,684 | 74,369 |
| Perpetual (3) | | 5,115,500 | 5,423,979 | 5,526,103 |
| Subtotal in Brazil | | | 36,025,236 | 39,556,073 |
| Overseas: | | | | |
| 2019 | 10 | 1,333,575 | 3,105,400 | 2,376,891 |
| 2021 | 11 | 2,766,650 | 6,476,474 | 5,120,608 |
| 2022 | 11 | 1,886,720 | 4,416,063 | 3,494,113 |
| Issuance costs on funding | | | (11,192) | (13,843) |
| Subtotal overseas | | | 13,986,745 | 10,977,769 |
| Total (4) (5) | | | 50,011,981 | 50,533,842 |

(1) Subordinated debt transactions that matured in 2017;

(2) Transactions of subordinated debt due in 2018;

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

(4) It includes the amount of R\$ 30,717,063 thousand (R\$ 23,299,800 thousand in 2017), referring to subordinated debts recognized in "Eligible Debt Capital Instruments"; and

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

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Notes to the Consolidated Financial Statements

b) Movement of subordinated debts

| | 2018 | R\$ thousand 2017 |
|--|-------------------|-----------------------------|
| Opening balance on December 31 | 50,179,401 | 52,611,063 |
| Issuance | 6,804,906 | 6,593,610 |
| Interest | 2,623,306 | 4,067,088 |
| Settlement and interest payments | (12,044,108) | (12,417,718) |
| Exchange variation | 2,448,476 | (320,201) |
| Closing balance on September 30 | 50,011,981 | 50,533,842 |

19) OTHER LIABILITIES

a) Tax and social security

| | On September 30 - R\$ thousand | |
|--|--------------------------------|------------------|
| | 2018 | 2017 |
| Provision for deferred income tax (Note 33f) | 3,927,049 | 5,367,062 |
| Taxes and contributions on profit payable | 2,768,943 | 3,103,184 |
| Taxes and contributions payable | 1,685,839 | 1,430,897 |
| Total | 8,381,831 | 9,901,143 |

b) Sundry

| | On September 30 - R\$ thousand | |
|--|--------------------------------|-------------|
| | 2018 | 2017 |

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

| | | |
|--|-------------------|-------------------|
| Credit card operations | 3,742,825 | 6,583,878 |
| Civil, tax and labor provisions (Note 17b) | 19,485,216 | 18,334,989 |
| Loan assignment obligations | 7,991,735 | 8,381,608 |
| Provision for payments | 8,062,194 | 9,007,351 |
| Sundry creditors | 3,536,288 | 4,690,367 |
| Liabilities for acquisition of assets and rights | 1,192,637 | 1,302,807 |
| Obligations by quotas of investment funds | 1,522,170 | 1,456,773 |
| Other (1) | 5,321,990 | 4,160,321 |
| Total | 50,855,055 | 53,918,094 |

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

c) Financial guarantees

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

| | On September 30 - R\$ thousand | | | |
|---|--------------------------------|------------------|-------------------|------------------|
| | 2018 | | 2017 | |
| | Guaranteed Values | Provisions | Guaranteed Values | Provisions |
| Surety and guarantees in judicial and administrative proceedings of a fiscal nature | 36,916,332 | (284,424) | 31,495,177 | (227,796) |
| Bank sureties | 33,439,091 | (462,309) | 37,747,430 | (350,627) |
| Others | 1,106,116 | (42,562) | 3,268,671 | (52,342) |
| Total | 71,461,539 | (789,295) | 72,511,278 | (630,765) |

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

| | On September 30 - R\$ thousand | | | | | | | |
|---|--------------------------------|-----------|----------------------------|-----------|----------------------|-----------|-----------|-------------|
| | Insurance (1) | | Life and pension plans (2) | | Capitalization bonds | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and long-term liabilities | | | | | | | | |
| Mathematical reserve for unvested benefits | 1,208,702 | 1,041,058 | 213,551 | 905,200 | 897,365 | - | - | 214,760,607 |
| Mathematical reserve for vested benefits | 337,674 | 260,186 | 8,478,114 | 9,126,126 | - | - | 8,815,788 | 9,386,312 |
| Mathematical reserve for capitalization bonds | - | - | - | - | 6,982,605 | 6,387,998 | 6,982,605 | 6,387,998 |
| Reserve for claims incurred but not reported (IBNR) | 3,391,688 | 3,115,001 | 944,688 | 1,274,505 | - | - | 4,336,376 | 4,389,506 |
| Unearned premium reserve | 4,300,723 | 4,238,866 | 642,546 | 546,311 | - | - | 4,943,269 | 4,785,177 |
| Complementary reserve for coverage | - | - | 523,189 | 492,475 | - | - | 523,189 | 492,475 |
| Reserve for unsettled claims | 4,451,684 | 4,104,270 | 1,361,832 | 1,605,657 | - | - | 5,813,516 | 5,709,927 |
| | - | - | 560,931 | 524,213 | - | - | 560,931 | 524,213 |

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

| | | | | | | | | | |
|-----------------------------------|-------------------|-------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|--|
| Reserve for financial surplus | | | | | | | | | |
| Reserve for draws and redemptions | - | - | - | - | 944,395 | 911,279 | 944,395 | 911,279 | |
| Other reserves (4) | 2,186,745 | 2,002,100 | 4,691,051 | 2,639,162 | 94,817 | 120,557 | 6,972,613 | 4,761,819 | |
| Total technical provisions | 15,877,216 | 14,761,481 | 230,754,256 | 217,105,814 | 8,021,817 | 7,419,834 | 254,653,289 | 239,287,129 | |

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

| | On September 30 - R\$ thousand | | | | | | | |
|--|--------------------------------|-------------------|------------------------|--------------------|----------------------|------------------|--------------------|--------------------|
| | Insurance | | Life and pension plans | | Capitalization bonds | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total technical provisions | 15,877,216 | 14,761,481 | 230,754,256 | 217,105,814 | 8,021,817 | 7,419,834 | 254,653,289 | 239,287,129 |
| (-) | | | | | | | | |
| Commercialization surcharge – extended warranty | (72,182) | (167,078) | - | - | - | - | (72,182) | (167,078) |
| (-) Portion corresponding to contracted reinsurance | (104,464) | (150,214) | (13,143) | (37,230) | - | - | (117,607) | (187,444) |
| (-) Receivables | (1,078,560) | (1,027,824) | - | - | - | - | (1,078,560) | (1,027,824) |
| (-) Unearned premium reserve – Health and dental insurance (3) | (1,350,194) | (1,258,241) | - | - | - | - | (1,350,194) | (1,258,241) |
| (-) Reserves from DPVAT agreements | (596,216) | (511,130) | - | - | - | - | (596,216) | (511,130) |
| To be insured | 12,675,600 | 11,646,994 | 230,741,113 | 217,068,584 | 8,021,817 | 7,419,834 | 251,438,530 | 236,135,412 |
| Investment fund quotas (VGBL and PGBL) | - | - | 194,918,439 | 183,973,081 | - | - | 194,918,439 | 183,973,081 |
| Investment fund quotas (excluding VGBL and PGBL) | 5,274,866 | 5,687,236 | 21,536,925 | 22,980,726 | 1,084,893 | 1,917,897 | 27,896,684 | 30,585,859 |
| Government securities | 9,646,752 | 8,065,074 | 19,894,012 | 17,285,978 | 7,485,712 | 6,435,747 | 37,026,476 | 31,786,799 |
| Shares | 2,693 | 3,743 | 1,127,460 | 1,847,886 | - | - | 1,130,153 | 1,851,629 |
| Private securities | 26,341 | 99,264 | 151,670 | 164,118 | 37,759 | 39,682 | 215,770 | 303,064 |
| Total technical provision guarantees | 14,950,652 | 13,855,318 | 237,628,506 | 226,251,789 | 8,608,364 | 8,393,326 | 261,187,522 | 248,500,433 |

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

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

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

| | In the nine month period ended September 30 - R\$ thousand | |
|--|--|-------------------|
| | 2018 | 2017 |
| Written premiums | 28,862,473 | 27,835,851 |
| Pension plan contributions (including VGBL) | 20,396,648 | 22,988,162 |
| Capitalization bond income | 4,637,970 | 4,591,022 |
| Granted coinsurance premiums | (35,435) | (40,087) |
| Refunded premiums | (481,014) | (278,362) |
| Net written premiums earned | 53,380,642 | 55,096,586 |
| Reinsurance premiums paid | (58,203) | (157,681) |
| Insurance, pension plan and capitalization bond retained premiums | 53,322,439 | 54,938,905 |

21) NON-CONTROLLING INTERESTS IN SUBSIDIARIES

| | On September 30 - R\$ thousand | |
|-------------------------|--------------------------------|----------------|
| | 2018 | 2017 |
| Banco Bradesco BBI S.A. | 5,145 | 17,844 |
| Other (1) | 607,700 | 536,778 |
| Total | 612,845 | 554,622 |

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

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

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

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

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

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

b) Transactions of capital stock involving quantities of shares

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

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

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

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

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Notes to the Consolidated Financial Statements**c) Interest on Shareholders' Equity**

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

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

Interest on shareholders' equity for the nine months ended on September 30, 2018 is calculated as follows:

| | R\$ thousand | % (1) |
|---|---------------------|--------------|
| Net income for the period | 14,004,185 | |
| (-) Legal reserve | 700,209 | |
| Adjusted calculation basis | 13,303,976 | |
| Monthly, intermediaries and supplementary interest on shareholders' equity (gross), paid and/or provisioned | 5,360,556 | |
| Withholding income tax on interest on shareholders' equity | (804,083) | |
| Interest on shareholders' equity (net) accrued on September 30, 2018 | 4,556,473 | 34.25 |
| Interest on shareholders' equity (net) accrued on September 30, 2017 | 3,907,060 | 37.85 |

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

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

R\$ thousand

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

| | Per share (gross) | | Gross amount paid/recognized in provision | Withholding Income Tax (IRRF) (15%) | Net amount paid/recognized in provision |
|--|-------------------|-----------------|---|-------------------------------------|---|
| | Common | Preferred | | | |
| Monthly interest on shareholders' equity paid | 0.155248 | 0.170773 | 951,740 | 142,761 | 808,979 |
| Intermediary interest on shareholders' equity paid | 0.172494 | 0.189743 | 1,102,000 | 165,300 | 936,700 |
| Supplementary interest paid on shareholders' equity | 0.398019 | 0.437821 | 2,542,801 | 381,420 | 2,161,381 |
| Total accrued on September 30, 2017 | 0.725761 | 0.798337 | 4,596,541 | 689,481 | 3,907,060 |
| Monthly interest on shareholders' equity paid | 0.155248 | 0.170773 | 1,057,932 | 158,690 | 899,242 |
| Intermediary interest paid on shareholders' equity (1) | 0.172465 | 0.189712 | 1,212,000 | 181,800 | 1,030,200 |
| Supplementary interest on shareholders' equity provisioned | 0.439790 | 0.483769 | 3,090,624 | 463,593 | 2,627,031 |
| Total accrued on September 30, 2018 | 0.767503 | 0.844254 | 5,360,556 | 804,083 | 4,556,473 |
| (1) Paid on June 16, 2018. | | | | | |

d) Treasury shares

Bradesco acquired a total of 5,535,803 common shares and 20,741,320 preferred shares for a total amount of R\$ 440,514 thousand in the nine months ended on September 30, 2018 which all remain in treasury. The minimum, average and maximum cost per common share is R\$ 19.34962, R\$ 24.55863 and R\$ 27.14350, and per preferred share is R\$ 19.37456, R\$ 26.98306 and R\$ 33.12855, respectively. The fair value was R\$ 25.75 per common share and R\$ 28.67 per preferred share on September 30, 2018.

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Notes to the Consolidated Financial Statements**23) FEE AND COMMISSION INCOME**In the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Credit card income | 5,143,113 | 5,036,284 |
| Checking account | 5,323,283 | 4,927,022 |
| Loans | 2,253,594 | 2,223,473 |
| Collections | 1,494,398 | 1,453,463 |
| Consortium management | 1,229,388 | 1,137,854 |
| Asset management | 1,117,062 | 1,105,667 |
| <i>Underwriting/ Financial Advisory Services</i> | 588,158 | 555,895 |
| Custody and brokerage services | 611,900 | 554,719 |
| Payments | 337,342 | 308,675 |
| Other | 462,734 | 468,948 |
| Total | 18,560,972 | 17,772,000 |

24) PAYROLL AND RELATED BENEFITSIn the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|----------------------------|-------------------|-------------------|
| Salaries | 6,349,753 | 7,314,472 |
| Benefits | 3,253,854 | 4,314,402 |
| Social security charges | 2,201,778 | 2,642,365 |
| Employee profit sharing | 1,178,034 | 1,202,309 |
| Provision for labor claims | 1,052,766 | 775,112 |
| Training | 107,822 | 122,669 |
| Total (1) | 14,144,007 | 16,371,329 |

(1) In 2017, includes the effects of the Special Voluntary Termination Plan.

25) OTHER ADMINISTRATIVE EXPENSES

Basel RatioThe improvement of capital tier I ratio is related to the good internal generation capital (net income), that 2011

In the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|-------------------------------|-------------------|-------------------|
| Outsourced services | 3,543,247 | 3,559,756 |
| Depreciation and amortization | 2,077,540 | 1,977,826 |
| Data processing | 1,757,678 | 1,666,696 |
| Communication | 1,158,688 | 1,265,258 |
| Asset maintenance | 829,383 | 842,379 |
| Rental | 850,624 | 855,703 |
| Financial system services | 718,541 | 778,578 |
| Advertising and marketing | 751,863 | 575,861 |
| Security and surveillance | 570,021 | 621,273 |
| Transport | 554,961 | 579,986 |
| Water, electricity and gas | 302,429 | 302,031 |
| Supplies | 160,595 | 195,987 |
| Travel | 203,162 | 172,304 |
| Other | 732,033 | 805,366 |
| Total | 14,210,765 | 14,199,004 |

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Notes to the Consolidated Financial Statements**26) TAX EXPENSES**In the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|---|------------------|------------------|
| Contribution for Social Security Financing (COFINS) | 2,587,114 | 3,119,728 |
| Social Integration Program (PIS) contribution | 428,973 | 571,303 |
| Tax on Services (ISSQN) | 826,967 | 517,987 |
| Municipal Real Estate Tax (IPTU) expenses | 112,023 | 88,823 |
| Other | 279,065 | 287,221 |
| Total | 4,234,142 | 4,585,062 |

27) OTHER OPERATING INCOMEIn the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|--|------------------|------------------|
| Other interest income | 1,622,367 | 1,514,174 |
| Reversal of other operating provisions (1) | 1,576,507 | 4,715,514 |
| Revenues from recovery of charges and expenses | 210,102 | 217,454 |
| Gains on sale of goods | 15,905 | 6,760 |
| Other | 1,799,865 | 2,381,366 |
| Total | 5,224,746 | 8,835,268 |

(1) In the nine months period ended on September 30, 2017, it includes: (i) reversal of generic provision for guarantees provided, encompassing sureties, guarantees, credit letters, and standby letter of credit, pursuant to Resolution No. 4,512/16; and (ii) reversals of: (a) provision for tax risks regarding the PIS process, to offset overpaid amounts; and (b) provision for tax risks related to IRPJ/CSLL on credit losses.

28) OTHER OPERATING EXPENSES

In the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Other finance costs | 3,176,120 | 3,859,734 |
| Sundry losses | 1,392,243 | 1,312,424 |
| Discount granted | 1,228,489 | 1,094,582 |
| Commissions on loans and financing | 452,095 | 814,420 |
| Intangible assets amortization - payroll | 817,236 | 746,432 |
| Goodwill amortization (Note 14a) | 1,665,962 | 1,800,954 |
| Other (1) | 4,673,943 | 5,231,035 |
| Total | 13,406,088 | 14,859,581 |

(1) In the nine months period ended on September 30, 2017, it includes a specific provision for guarantees provided, encompassing sureties, guarantees and credit letters, pursuant to Resolution No. 4,512/16.

29) NON-OPERATING INCOME (LOSS)

In the nine month period ended September 30 - R\$
thousand

| | 2018 | 2017 |
|---|------------------|------------------|
| Gain/loss on sale and write-off of assets and investments | (477,188) | (181,483) |
| Recording/reversal of non-operating provisions (1) | (223,631) | (135,610) |
| Other | 46,213 | 85,018 |
| Total | (654,606) | (232,075) |

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

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

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

| | On September 30 - R\$ thousand | | | | | | | |
|--|--------------------------------|-------------|--|-------------|---|-------------|--------------|-------------|
| | Controllers (1) | | Associates and Jointly controlled companies (2) | | Key Management Personnel (3) | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | | | |
| Interbank investments | - | - | 467,748 | 732,740 | - | - | 467,748 | 732,740 |
| Securities and derivative financial instruments | 20,842 | - | 8,366 | - | - | - | 29,208 | - |
| Loans, other receivables and assets | 7 | - | 149,935 | 6,556 | 46,787 | - | 196,729 | 6,556 |
| Liabilities | | | | | | | | |
| Demand deposits/Savings accounts | 24 | 30 | 14,454 | 8,564 | 17,516 | 16,642 | 31,994 | 25,236 |
| Time deposits | 1,008,968 | 1,440,088 | 1,589,930 | 117,943 | 140,183 | 82,600 | 2,739,081 | 1,640,631 |
| Securities sold under agreements to repurchase | 1,518,056 | 770,823 | 28,044 | 144,941 | 5,151 | 11,311 | 1,551,251 | 927,075 |
| Funds from issuance of securities and subordinated debts | 9,421,212 | 6,326,227 | - | - | 788,833 | 841,208 | 10,210,045 | 7,167,435 |
| Derivative financial instruments | 1,489 | 29,957 | - | - | - | - | 1,489 | 29,957 |
| Interest on own capital and dividends payable | 996,232 | 868,490 | - | - | - | - | 996,232 | 868,490 |
| Other liabilities | - | - | 10,359,058 | 4,567 | - | - | 10,359,058 | 4,567 |

In the nine month period ended September 30 - R\$ thousand

| | |
|------------------------|--------------|
| Controllers (1) | Total |
|------------------------|--------------|

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

| | | | Associates and Jointly controlled companies (2) | | Key Management Personnel (3) | | | |
|---|-------------|-------------|--|-------------|---|-------------|-------------|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Income from financial intermediation | 18,527 | (9,276) | 27,433 | 46,454 | - | - | 45,960 | 37,178 |
| Financial intermediation expenses | (588,742) | (710,605) | (30,682) | (24,990) | (42,346) | (69,151) | (661,770) | (804,746) |
| Income from services provided | 80 | - | 229,576 | 273,316 | - | - | 229,656 | 273,316 |
| Other expenses net of other operating revenues | (37,506) | (1,921) | (1,985,069) | (168,801) | (62,385) | - | (2,084,960) | (170,722) |

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

(2) Companies listed in Note 12; and

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

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b) Remuneration of key management personnel

Each year, the Annual Shareholders' Meeting approves:

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

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

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

Short and medium term remuneration to Managers

| | In the nine month period ended September 30 - R\$ thousand | |
|--------------|--|----------------|
| | 2018 | 2017 |
| Salaries | 344,858 | 332,078 |
| Total | 344,858 | 332,078 |

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

Post-employment benefits

| | In the nine month period ended September 30 - R\$ thousand | |
|--|--|----------------|
| | 2018 | 2017 |
| Defined contribution supplementary pension plans | 383,412 | 344,395 |
| Total | 383,412 | 344,395 |

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

Shareholding

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

| | 2018 | On September 30 2017 |
|------------------|-------|-------------------------|
| Common shares | 0.55% | 0.68% |
| Preferred shares | 1.08% | 1.13% |
| Total shares (1) | 0.82% | 0.91% |

(1) On September 30, 2018, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.62% of common shares, 1.12% of preferred shares and 1.87% of all shares (3.07% of common shares, 1.17% of preferred shares and 2.12% of all shares in 2017).

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31) RISK AND CAPITAL MANAGEMENT

a) Risk Management

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

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

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

b) Capital Management

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

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

Below is the Basel Ratio:

| Calculation basis - Basel Ratio | On September 30 - R\$ thousand | |
|--|--------------------------------|--------------------|
| | Prudential Conglomerate | |
| | 2018 | 2017 |
| Tier I capital | 80,344,301 | 80,889,205 |
| Common equity | 75,036,083 | 75,363,103 |
| Shareholders' equity | 115,669,579 | 110,300,602 |
| Non-controlling interest / Other | 108,400 | 84,155 |
| Prudential adjustments (1) | (40,741,896) | (35,021,654) |
| Additional capital | 5,308,218 | 5,526,102 |
| Tier II capital | 29,796,896 | 25,792,690 |
| Subordinated debts (Resolution No. 4,192/13) | 23,211,965 | 17,438,377 |
| Subordinated debts (previous to CMN Resolution No. 4,192/13) | 6,584,931 | 8,354,313 |
| Reference Equity (a) | 110,141,197 | 106,681,895 |
| - Credit risk | 590,790,718 | 547,411,237 |
| - Market risk | 12,359,843 | 9,564,259 |
| - Operational risk | 53,150,786 | 47,605,162 |
| Risk-weighted assets – RWA (b) | 656,301,347 | 604,580,658 |
| Basel ratio (a/b) | 16.8% | 17.7% |
| Tier I capital | 12.2% | 13.4% |
| - Principal capital | 11.4% | 12.5% |
| - Additional capital | 0.8% | 0.9% |
| Tier II capital | 4.5% | 4.3% |

(1) As from January 2018, the factor applied to prudential adjustments went from 80% to 100%, according to the timeline for application of deductions of prudential adjustments, defined in Article 11 of Resolution No. 4,192/13. Includes the positive effects of Resolution No. 4,680/18, reducing the impact of deferred tax assets arising from tax losses.

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c) Indicator of Global Systemic Importance (IAISG)

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

d) VaR Internal Model – Trading Portfolio

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

Below is the 1-day VaR:

| Risk factors | On September 30 - R\$ thousand | |
|------------------------------------|--------------------------------|---------------|
| | 2018 | 2017 |
| Fixed rates | 10,589 | 19,013 |
| IGPM/IPCA | 1,868 | 2,142 |
| Exchange coupon | 120 | 131 |
| Foreign currency | 499 | 1,640 |
| Equities | 896 | 270 |
| Sovereign/Eurobonds and Treasuries | 2,567 | 2,388 |
| Other | 185 | 2 |
| Correlation/diversification effect | (3,168) | (2,324) |
| VaR (Value at Risk) | 13,556 | 23,262 |
| Amounts net of tax. | | |

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

e) Sensitivity analysis

The Trading Portfolio is also monitored through daily sensitivity analyses that measure the effect of market movements of market and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule No. 475/08.

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

Scenario 1: Based on market information (B3, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices. For example: for a Real/US dollar exchange rate of R\$ 3.99 a scenario of R\$ 4.03 was used, while for a 1-year fixed interest rate of 7.93%, a 7.94% scenario was applied;

Scenario 2: 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$ 3.99 a scenario of R\$ 4.99 was used, while for a 1-year fixed interest rate of 7.93%, a 9.91% scenario was applied. The scenarios for other risk factors also accounted for 25.0% stresses in the respective curves or prices; and

Scenario 3: 50.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$ 3.99 a scenario of R\$ 5.99 was used, while for a 1-year fixed interest rate of 7.93%, a 11.89% scenario was applied. The scenarios for other risk factors also account for 50.0% stresses in the respective curves or prices.

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

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

| | | On September 30 - R\$ thousand | | | | | |
|--|--|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | Trading Portfolio (1) | | | | | |
| | | 2018 | | | 2017 | | |
| | | Scenarios | | | Scenarios | | |
| | | 1 | 2 | 3 | 1 | 2 | 3 |
| Interest rate in Reais | Exposure subject to variations in fixed interest rates and interest rate coupons | (1,120) | (182,230) | (361,382) | (642) | (121,925) | (235,775) |
| Price indexes | Exposure subject to variations in price index coupon rates | (101) | (11,333) | (22,037) | (98) | (10,757) | (20,163) |
| Exchange coupon | Exposure subject to variations in foreign currency coupon rates | (7) | (741) | (1,463) | (2) | (196) | (390) |
| Foreign currency | Exposure subject to exchange rate variations | (205) | (5,121) | (10,243) | (972) | (24,298) | (48,597) |
| Equities | Exposure subject to variation in stock prices | (133) | (3,333) | (6,666) | (197) | (4,995) | (9,789) |
| Sovereign/Eurobonds and Treasuries | Exposure subject to variations in the interest rate of securities traded on the international market | (144) | (15,199) | (29,965) | (28) | (6,862) | (13,718) |
| Other | Exposure not classified in other definitions | - | (478) | (955) | - | (5) | (10) |
| Total excluding correlation of risk factors | | (1,710) | (218,435) | (432,711) | (1,939) | (169,038) | (328,442) |
| Total including correlation of risk factors | | (1,105) | (191,623) | (379,610) | (810) | (116,785) | (224,315) |

(1) Amounts net of tax.

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

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

II - Sensitivity Analysis – Trading and Banking Portfolios

| | | On September 30 - R\$ thousand | | | | | |
|------------------------------------|--|------------------------------------|-------------|-------------|-----------|-------------|-------------|
| | | Trading and Banking Portfolios (1) | | | 2017 | | |
| | | 2018 | | | 2017 | | |
| | | Scenarios | | | Scenarios | | |
| | | 1 | 2 | 3 | 1 | 2 | 3 |
| Interest rate in Reais | Exposure subject to variations in fixed interest rates and interest rate coupons | (16,689) | (3,544,889) | (6,792,837) | (12,874) | (2,506,281) | (4,878,866) |
| Price indexes | Exposure subject to variations in price index coupon rates | (8,070) | (1,018,764) | (1,778,250) | (5,321) | (609,156) | (1,116,389) |
| Exchange coupon | Exposure subject to variations in foreign currency coupon rates | (1,317) | (144,831) | (276,144) | (449) | (32,711) | (64,500) |
| Foreign currency | Exposure subject to exchange rate variations | (2,108) | (39,166) | (78,332) | (2,444) | (60,971) | (121,942) |
| Equities | Exposure subject to variation in stock prices | (14,836) | (370,899) | (741,798) | (11,243) | (280,701) | (562,928) |
| Sovereign/Eurobonds and Treasuries | Exposure subject to variations in the interest rate of securities traded on the international market | (1,350) | (104,038) | (201,540) | (3,003) | (139,636) | (254,750) |
| Other | | (133) | (3,336) | (6,673) | (11) | (275) | (551) |

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

Exposure not
classified in other
definitions

| | | | | | | |
|--|----------|-------------|-------------|----------|-------------|-------------|
| Total excluding correlation of risk factors | (44,503) | (5,225,923) | (9,875,574) | (35,345) | (3,629,731) | (6,999,926) |
| Total including correlation of risk factors | (33,063) | (4,249,597) | (8,123,493) | (25,172) | (3,221,546) | (6,226,627) |

(1) Amounts net of tax effects.

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f) Social and environmental risk

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

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

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

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

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

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

| | Number of operation by category (Equator Principles) | | |
|---------------------------------|--|---------------|--------------|
| | A | B | C |
| | (High risk) | (Medium risk) | (Low risk) |
| Sector | | | |
| Electricity | - | - | - |
| Infrastructure | - | 1 | - |
| Region | | | |
| Northeast | - | - | - |
| Southeast | - | 1 | - |
| | | | R\$ thousand |
| Total project value | | | 570,900 |
| Bradesco's participation (loan) | | | 285,450 |

In the nine months ended September 30, 2018, there was no hiring Advisory Service and Financing Project Finance and Corporate Loan to projects classified under the criteria of the Equator Principles III.

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| On September 30 - R\$ thousand | | | | |
|---|----------------------|----------------------|----------------------------|----------------------------|
| | | 2018 | | 2017 |
| | Balance | Local | Foreign (1) (2) | Foreign (1) (2) |
| Assets | | | | |
| Current and long-term assets | 1,253,221,633 | 1,161,365,716 | 91,855,917 | 71,763,252 |
| Cash and due from banks | 15,294,120 | 11,290,413 | 4,003,707 | 2,854,440 |
| Interbank investments | 112,166,667 | 109,371,018 | 2,795,649 | 1,955,578 |
| Securities and derivative financial instruments | 563,134,442 | 539,503,875 | 23,630,567 | 19,227,116 |
| Interbank and interdepartmental accounts | 81,680,588 | 81,680,588 | - | - |
| Loans and leases | 313,017,226 | 274,254,066 | 38,763,160 | 30,900,486 |
| Other receivables and assets | 167,928,590 | 145,265,756 | 22,662,834 | 16,825,632 |
| Permanent assets | 28,806,529 | 28,769,156 | 37,373 | 35,730 |
| Investments | 8,134,016 | 8,134,016 | - | - |
| Premises and equipment and leased assets | 7,442,905 | 7,421,024 | 21,881 | 22,049 |
| Intangible assets | 13,229,608 | 13,214,116 | 15,492 | 13,681 |
| Total | 1,282,028,162 | 1,190,134,872 | 91,893,290 | 71,798,982 |
| Liabilities | | | | |
| Current and long-term liabilities | 1,165,360,017 | 1,080,223,381 | 85,136,636 | 65,266,205 |
| Deposits | 318,841,994 | 303,923,453 | 14,918,541 | 12,549,225 |
| Securities sold under agreements to repurchase | 217,957,945 | 207,384,676 | 10,573,269 | 8,937,381 |
| Funds from issuance of securities | 148,926,596 | 145,627,485 | 3,299,111 | 2,874,006 |
| Interbank and interdepartmental accounts | 23,488,172 | 20,066,909 | 3,421,263 | 3,144,671 |
| Borrowing and on-lending | 55,505,885 | 25,067,542 | 30,438,343 | 20,939,458 |
| Derivative financial instruments | 15,723,020 | 13,907,102 | 1,815,918 | 181,655 |
| Technical provision for insurance, pension plans and capitalization bonds | 254,653,289 | 254,643,179 | 10,110 | 5,002 |
| Other liabilities: | | | | |
| - Subordinated debts | 50,011,981 | 36,025,236 | 13,986,745 | 10,977,769 |
| - Others | 80,251,135 | 73,577,799 | 6,673,336 | 5,657,038 |

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

| | | | | |
|--|----------------------|----------------------|---------------------|---------------------|
| Deferred income | 385,721 | 385,721 | - | - |
| Non-controlling interests in subsidiaries | 612,845 | 612,845 | - | - |
| Shareholders' equity | 115,669,579 | 115,669,579 | - | - |
| Total | 1,282,028,162 | 1,196,891,526 | 85,136,636 | 65,266,205 |
| Net position of assets and liabilities | | | 6,756,654 | 6,532,777 |
| Net position of derivatives (2) | | | (64,102,846) | (49,400,975) |
| Other net off-balance-sheet accounts (3) | | | (1,278,713) | 32,031 |
| Net exchange position (liability) | | | (58,624,905) | (42,836,167) |

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

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

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

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| | On September 30 - R\$ thousand | | | | | |
|---|--------------------------------|--------------------|--------------------|-----------------------|------------------------|------------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Maturity not stated | Total |
| Assets | | | | | | |
| Current and long-term assets | 678,314,012 | 124,985,562 | 108,612,121 | 341,309,938 | | - 1,253,221,633 |
| Cash and due from banks | 15,294,120 | - | - | - | - | 15,294,120 |
| Interbank investments (1) | 100,530,996 | 8,294,241 | 1,888,858 | 1,452,572 | - | 112,166,667 |
| Securities and derivative financial instruments (1) (2) | 389,788,950 | 23,348,689 | 51,439,729 | 98,557,074 | - | 563,134,442 |
| Interbank and interdepartmental accounts | 80,365,092 | 65,271 | - | 1,250,225 | - | 81,680,588 |
| Loans and leases | 26,471,683 | 68,011,216 | 45,881,319 | 172,653,008 | - | 313,017,226 |
| Other receivables and assets | 65,863,171 | 25,266,145 | 9,402,215 | 67,397,059 | - | 167,928,590 |
| Permanent assets | 434,737 | 2,146,471 | 2,556,470 | 14,390,105 | 9,278,746 | 28,806,529 |
| Investments | - | - | - | - | 8,134,016 | 8,134,016 |
| Premises and equipment | 98,617 | 493,087 | 591,705 | 5,440,773 | 818,723 | 7,442,905 |
| Intangible assets | 336,120 | 1,653,384 | 1,964,765 | 8,949,332 | 326,007 | 13,229,608 |
| Total on September 30, 2018 | 678,748,749 | 127,132,033 | 111,168,591 | 355,700,043 | 9,278,746 | 1,282,028,162 |
| Total on September 30, 2017 | 683,827,082 | 90,212,812 | 72,168,485 | 361,748,182 | 8,734,363 | 1,216,690,924 |
| Liabilities | | | | | | |
| Current and long-term liabilities | 661,898,464 | 74,228,752 | 92,268,138 | 331,540,684 | 5,423,979 | 1,165,360,017 |
| Deposits (3) | 149,004,033 | 14,126,319 | 29,531,659 | 126,179,983 | - | 318,841,994 |
| Securities sold under agreements to repurchase (1) | 202,500,211 | 10,815,329 | 3,689,623 | 952,782 | - | 217,957,945 |
| Funds from issuance of securities | 7,568,494 | 26,833,845 | 35,234,693 | 79,289,564 | - | 148,926,596 |
| Interbank and interdepartmental accounts | 23,488,172 | - | - | - | - | 23,488,172 |
| Borrowing and on-lending | 5,132,605 | 15,024,617 | 17,327,076 | 18,021,587 | - | 55,505,885 |
| | 13,880,921 | 698,901 | 384,384 | 758,814 | - | 15,723,020 |

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

| | | | | | | | |
|--|--------------------|--------------------|-------------------|--------------------|---------------------|----------------------|--|
| Derivative financial instruments | | | | | | | |
| Technical provisions for insurance, pension plans and capitalization bonds (3) | 217,281,246 | 3,797,692 | 1,590,968 | 31,983,383 | - | 254,653,289 | |
| Other liabilities: | | | | | - | | |
| - Subordinated debts | 237,046 | 123,455 | 407,695 | 43,819,806 | 5,423,979 | 50,011,981 | |
| - Others | 42,805,736 | 2,808,594 | 4,102,040 | 30,534,765 | - | 80,251,135 | |
| Deferred income | 385,721 | - | - | - | - | 385,721 | |
| Non-controlling interests in subsidiaries | - | - | - | - | 612,845 | 612,845 | |
| Shareholders' equity | - | - | - | - | -115,669,579 | 115,669,579 | |
| Total on September 30, 2018 | 662,284,185 | 74,228,752 | 92,268,138 | 331,540,684 | 121,706,403 | 1,282,028,162 | |
| Total on September 30, 2017 | 634,789,380 | 100,724,928 | 80,737,091 | 289,584,301 | 110,855,224 | 1,216,690,924 | |
| Net assets accumulated on September 30, 2018 | 16,464,564 | 69,367,845 | 88,268,298 | 112,427,657 | | | |
| Net assets accumulated on September 30, 2017 | 49,037,702 | 38,525,586 | 29,956,980 | 102,120,861 | | | |

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

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

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

Bradesco

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Notes to the Consolidated Financial Statements

32) EMPLOYEE BENEFITS

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

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

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

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

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

Kirton Bank Brasil S.A., Kirton Capitalização S.A., Kirton Corretora de Seguros S.A., Bradesco Kirton Corretora de Títulos e Valores Mobiliários S.A. and Kirton Seguros S.A. sponsor a defined benefit plan called APABA for employees originating from Banco Bamerindus do Brasil S.A., and Kirton Administração de Serviços para Fundos de Pensão Ltda. sponsors for its employees a defined contribution plan, known as the Kirton Prev Benefits Plan (*Plano de Benefícios Kirton Prev*), both managed by MultiBRA – Pension Fund.

Banco Losango S.A., Kirton Bank Brasil S.A. and Credival – Participações, Administração e Assessoria Ltda. sponsor three pension plans for its employees, which are: Losango I Benefits Plan – Basic Part, in the defined benefit mode, Losango I – Supplementary Part and PREVMAIS Losango Plan, the last two in the form of contribution variable, all managed by MultiBRA – Settlor – Multiple Fund.

Bradesco also took on the obligations of Kirton Bank Brasil S.A. with regard to Life Insurance, Health Insurance Plans, and Retirement Compensation for employees coming from Banco Bamerindus do Brasil S.A.

Bradesco, in its offices abroad, provides pension plans for its employees and administrators, in accordance with the standards established by the local authorities, which allows the accrual of financial resources during the professional career of the participant.

Expenses related to contributions made during the nine month period ended September 30, 2018 totaled R\$ 713,137 thousand (R\$ 724,620 thousand in 2017).

In addition to this benefit, Bradesco and its subsidiaries offer other benefits to their employees and administrators, including health insurance, dental care, life and personal accident insurance, and professional training. These expenses, including the aforementioned contributions, totaled R\$ 3,361,677 thousand during the nine month period ended September 30, 2018 (R\$ 4,437,071 thousand in 2017).

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Notes to the Consolidated Financial Statements**33) INCOME TAX AND SOCIAL CONTRIBUTION****a) Calculation of income tax and social contribution charges**

| | In the nine month period ended September 30 - R\$ thousand | |
|---|---|--------------------|
| | 2018 | 2017 |
| Income before income tax and social contribution | 14,631,851 | 16,467,578 |
| Total burden of income tax and social contribution at the current rates (1) | (6,584,333) | (7,410,410) |
| Effect on the tax calculation: | | |
| Equity investment in unconsolidated and jointly controlled companies | 519,751 | 510,664 |
| Net non-deductible expenses of nontaxable income | 230,516 | 135,545 |
| Interest on shareholders' equity (paid and payable) | 2,412,250 | 2,068,443 |
| Other amounts (2) | 2,922,333 | (711,735) |
| Income tax and social contribution for the period | (499,483) | (5,407,493) |

(1) Current rates: (i) 25% for income tax; (ii) 20% for the social contribution to financial and companies treated as such, including the insurance segment, and of 9% for the other companies (Note 3h); and

(2) Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the equalization of the effective rate in relation to the rate 45% shown; and (iii) the deduction incentives.

b) Breakdown of income tax and social contribution in the statement of income

| | In the nine month period ended September 30 - R\$ thousand | |
|--|---|------|
| | 2018 | 2017 |

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

| | | |
|---|--------------------|--------------------|
| Current taxes: | | |
| Income tax and social contribution payable | (5,859,145) | (9,392,385) |
| Deferred taxes: | | |
| Amount recorded/realized in the period on temporary differences | 1,671,105 | 5,616,747 |
| Use of opening balances of: | | |
| Social contribution loss | (262,377) | (768,301) |
| Income tax loss | (286,345) | (931,709) |
| Constitution in the period on: | | |
| Social contribution loss | 1,587,857 | 44,514 |
| Income tax loss | 2,649,422 | 23,641 |
| Total deferred tax assets | 5,359,662 | 3,984,892 |
| Income tax and social contribution for the period | (499,483) | (5,407,493) |

Bradesco

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Notes to the Consolidated Financial Statements**c) Deferred income tax and social contribution**

| | Balance on 12/31/2017 | Amount recorded | Realized / Decrease | R\$ thousand Balance on 09/30/2018 |
|---|----------------------------------|----------------------------|--------------------------------|---|
| Allowance for loan losses | 29,789,386 | 6,059,849 | (4,226,173) | 31,623,062 |
| Civil provisions | 2,191,002 | 486,296 | (478,574) | 2,198,724 |
| Tax provisions | 2,874,482 | 158,749 | (95,283) | 2,937,948 |
| Labor provisions | 2,160,997 | 615,942 | (360,275) | 2,416,664 |
| Provision for devaluation of securities and investments | 239,482 | 32,067 | (28,477) | 243,072 |
| Provision for devaluation of foreclosed assets | 607,613 | 243,889 | (206,012) | 645,490 |
| Adjustment to fair value of trading securities | 3,704,394 | 2,597,538 | (3,691,279) | 2,610,653 |
| Amortization of goodwill | 346,069 | 26,828 | (14,243) | 358,654 |
| Provision for interest on shareholder's equity (1) | - | 1,319,190 | - | 1,319,190 |
| Other | 4,921,716 | 1,680,904 | (2,449,831) | 4,152,789 |
| Total deductible taxes on temporary differences | 46,835,141 | 13,221,252 | (11,550,147) | 48,506,246 |
| Income tax and social contribution losses in Brazil and overseas | 5,003,872 | 4,237,279 | (548,722) | 8,692,429 |
| Subtotal (2) | 51,839,013 | 17,458,531 | (12,098,869) | 57,198,675 |
| Adjustment to fair value of available-for-sale securities | 557,807 | 1,396,706 | (200,749) | 1,753,764 |
| Total deferred tax assets (Note 10b) | 52,396,820 | 18,855,237 | (12,299,618) | 58,952,439 |
| Deferred tax liabilities (Note 33f) | 4,562,687 | 1,268,494 | (1,904,132) | 3,927,049 |
| Deferred tax assets, net of deferred tax liabilities | 47,834,133 | 17,586,743 | (10,395,486) | 55,025,390 |
| - Percentage of net deferred tax assets on capital (Note 31) | 45.7% | | | 50.0% |
| - Percentage of net deferred tax assets over total assets | 3.9% | | | 4.3% |

(1) The tax credit on interest on shareholder's equity is accounted for up to the permitted tax limit; and

(2) Deferred tax assets from financial companies and similar companies, and insurance companies were calculated considering the increase in the social contribution rate, determined by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h). With regard to the temporary effects produced by the adoption of Law No. 13,169/15, which raised the rate of the social contribution to 20%, the deferred tax assets, are calculated

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based on the expected implementation.

d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution

| | Temporary differences | | Income tax and social contribution losses | | R\$ thousand |
|--------------|-----------------------|---------------------|---|---------------------|-------------------|
| | Income tax | Social contribution | Income tax | Social contribution | Total |
| 2018 | 3,033,484 | 2,139,526 | 90,238 | 65,131 | 5,328,379 |
| 2019 | 7,779,269 | 4,705,479 | 310,724 | 125,131 | 12,920,603 |
| 2020 | 6,927,865 | 4,114,982 | 496,286 | 196,080 | 11,735,213 |
| 2021 | 5,487,686 | 3,267,826 | 892,952 | 447,884 | 10,096,348 |
| 2022 | 3,901,226 | 2,233,652 | 620,682 | 349,598 | 7,105,158 |
| After 2022 | 3,112,268 | 1,802,983 | 2,570,203 | 2,527,520 | 10,012,974 |
| Total | 30,241,798 | 18,264,448 | 4,981,085 | 3,711,344 | 57,198,675 |

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

On September 30, 2018, the present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, amounts to R\$ 53,600,177 thousand (R\$ 51,057,314 thousand in 2017), of which: R\$ 45,888,054 thousand (R\$ 47,389,123 thousand in 2017) of temporary differences; and R\$ 7,712,123 thousand (R\$ 3,668,191 thousand in 2017) to tax losses and negative basis of social contribution.

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Notes to the Consolidated Financial Statements**e) Unrecognized deferred tax assets**

On September 30, 2018, deferred tax assets of R\$ 13,829 thousand (R\$ 18,431 thousand in 2017) were not recognized, and will only be registered when they meet the regulatory requirements and/or present prospects of realization according to technical studies and analyses prepared by the Management and in accordance with Bacen regulations.

f) Deferred tax liabilities

| | On September 30 - R\$ thousand | |
|--|--------------------------------|------------------|
| | 2018 | 2017 |
| Fair value adjustment to securities and derivative financial instruments | 605,134 | 2,406,263 |
| Difference in depreciation | 233,835 | 304,362 |
| Judicial deposit and others | 3,088,080 | 2,656,437 |
| Total | 3,927,049 | 5,367,062 |

The deferred tax liabilities of companies in the financial and insurance sectors were established considering the increased social contribution rate, established by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).

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Notes to the Consolidated Financial Statements**34) OTHER INFORMATION****a) Fair value**

The book value, net of loss provisions of the principal financial instruments is shown below:

| Portfolio | On September 30 - R\$ thousand | | | | | |
|--|--|-------------|---------------------|-------------------|-------------------|-------------------------|
| | Unrealized gain/(loss) without tax effects | | | | | In shareholders' equity |
| | Book value | Fair value | In income statement | | | |
| | 2018 | | 2018 | 2017 | 2018 | 2017 |
| Securities and derivative financial instruments (Notes 3e, 3f and 7) | 563,134,442 | 564,065,531 | (2,112,264) | 8,687,436 | 931,089 | 4,119,618 |
| - Adjustment of available-for-sale securities (Note 7bII) | | | (3,043,353) | 4,567,818 | | |
| - Adjustment of held-to-maturity securities (Note 7c item 4) | | | 931,089 | 4,119,618 | 931,089 | 4,119,618 |
| Loan and leases (Notes 2, 3g and 9) (1) | 398,247,863 | 398,891,965 | 644,102 | (204,785) | 644,102 | (204,785) |
| Investments (Notes 3j and 12) (2) | 8,134,016 | 24,067,473 | 15,933,457 | 23,134,293 | 15,933,457 | 23,134,293 |
| Treasury shares (Note 22d) | 440,514 | 737,201 | - | - | 296,687 | 388,467 |
| Time deposits (Notes 3n and 15a) | 178,374,380 | 178,051,142 | 323,238 | 249,699 | 323,238 | 249,699 |
| Funds from issuance of securities (Note 15c) | 148,926,596 | 148,170,998 | 755,598 | 58,401 | 755,598 | 58,401 |
| Borrowing and on-lending (Notes 16a and 16b) | 55,505,885 | 55,438,689 | 67,196 | 206,902 | 67,196 | 206,902 |
| Subordinated debts (Note 18) | 50,011,981 | 50,530,196 | (518,215) | (925,668) | (518,215) | (925,668) |
| Unrealized gains excluding tax | | | 15,093,112 | 31,206,278 | 18,433,152 | 27,026,927 |

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and

(2) Primarily includes the surplus of interest in subsidiaries, associates and jointly controlled companies (Cielo, Odontoprev, IRB and Fleury).

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

Determination of the fair value of financial instruments:

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price at the reporting date. If no quoted market price is available, amounts are estimated based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Organization for new contracts with similar features. These rates are consistent with the market at the reporting date; and
- Time deposits, funds from issuance of securities, borrowing and on-lending were calculated by discounting the difference between the cash flows under the contract terms and our prevailing market rates for the same product at the reporting date.

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b) The Organization manages investment funds and portfolios with net assets which, on September 30, 2018, amounted to R\$ 871,231,374 thousand (R\$ 820,681,736 thousand in 2017).

c) Consortium funds

| | On September 30 - R\$ thousand | |
|--|--------------------------------|-------------|
| | 2018 | 2017 |
| Monthly estimate of funds receivable from consortium members | 647,462 | 623,352 |
| Contributions payable by the group | 30,807,912 | 30,773,334 |
| Consortium members - assets to be included | 26,710,924 | 26,897,680 |
| Credits available to consortium members | 6,262,964 | 5,714,537 |

b)

| | On September 30 - In units | |
|-------------------------------------|----------------------------|-------------|
| | 2018 | 2017 |
| Number of groups managed | 3,496 | 3,484 |
| Number of active consortium members | 1,463,489 | 1,395,120 |
| Number of assets to be included | 613,633 | 640,904 |

d) As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) has issued several accounting pronouncements, as well as their interpretations and guidelines, which are applicable to financial institutions only after approval by CMN. Until September 30, 2018, the accounting pronouncements approved by CMN and adopted by Bradesco in prior periods were as follows:

- Resolution No. 3,566/08 – Impairment of Assets (CPC 01);
- Resolution No. 3,604/08 – Statement of Cash Flows (CPC 03);
- Resolution No. 3,750/09 – Related Party Disclosures (CPC 05);
- Resolution No. 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25);

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

- Resolution No. 3,973/11 – Subsequent Event (CPC 24);
- Resolution No. 3,989/11 – Share-based Payment (CPC 10 - R1);
- Resolution No. 4,007/11 – Accounting Policies, Changes in Estimates and Error Correction (CPC 23);
- Resolution No. 4,144/12 – Basic Conceptual Pronouncement (R1); and
- Resolution No. 4,424/15 – Employee Benefits (CPC 33 – R1).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be applied prospectively or retrospectively.

CMN Resolution No. 3,786/09 and Circular Letters No. 3,472/09 and No. 3,516/10 establish that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, since December 31, 2010, annually prepare and publish in up to 90 days after the reference date of December 31 their consolidated financial statements, prepared under the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). As required by Resolution, on March 8, 2018, Bradesco published its consolidated financial statements for December 31, 2017 and 2016 on its website, in accordance with IFRS.

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e) There was a change in compulsory collection rules in March 2018 through Circular No. 3,890, according to the table below:

| Description | Previous Standard | Current Standard |
|--------------------------|--|---|
| Savings deposits | The compulsory savings reserve was 24.5% on the calculation basis defined in regulation. | As from May 7, 2018, the compulsory deposit on savings deposits was reduced to 20% on the calculation basis defined in regulation. |
| Savings deposits (Rural) | The reserve requirements on rural savings was 21% on the basis of calculation defined in regulation. | As from May 7, 2018, the compulsory deposit on rural savings was reduced to 20% on the calculation basis defined in regulation. |
| Demand deposits | <p>The daily verification of compliance with the requirement to pay cash deposits was made in accordance with the sum of the daily closing balance of the Bank Reserves account, the arithmetic mean of the financial institution's deposits recorded under "1.1.1.10.00-6 Cash "of Cosif at the close of each business day of the respective calculation period up to the limit of 40% (forty percent) of the chargeable charge to the institution and of the balance of operations valid for deduction of the compulsory payment on demand, verified in the respective calculation period, considering their respective regulatory limits.</p> <p>The deductibility value of the base calculation of the reserve requirement on demand resources corresponding to the arithmetic average of the RSVs (Value Subject to Gathering) calculated</p> | <p>As from May 7, 2018, the daily verification of the compliance with the requirement of the compulsory deposit for demand deposits started to be made according to the sum of the daily closing balance of the Bank Reserves account and time base value, valid for deduction of reserve requirement on demand resources.</p> <p>From May 7, 2018, the deductible value of the compulsory deposit on demand resources corresponding to the arithmetic average of the RSVs (Value Subject to Gathering) calculated in the calculation</p> |

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

in the calculation period, was R\$ 70,000,000.00. period passed to R\$ 200,000,000.00.

The compulsory reserve on demand was 40%, based on the calculation basis defined in regulations. As of May 7, 2018, the compulsory deposit on cash resources passed to 25%, based on the calculation defined in regulations.

f) On July 20, 2018, Odontoprev, a controlled company of Bradesco Saúde S.A., informed the Market the about the proposed acquisition of 100% of the share capital of Odonto System Planos Odontológicos Ltda., a company with head offices in Fortaleza /Ceará, for the amount of R\$ 201,637 thousand, in addition to this amount, the acquisition foresees a variable price for the future, related the consideration includes contingent payments dependent on the achievement of the future targets of growth of the EBITDA for Odonto System on 2018 and 2019. This transaction was approved, with no restrictions, by the Agência Nacional de Saúde Suplementar – ANS (National Supplementary Health Agency), Brazilian Central Bank – BACEN and Administrative Council for Economic Defense –CADE. The transaction was approved by the shareholders of the company, in General Meeting realized in August 6, 2018.

g) On October 2, 2018, Bradesco entered into a strategic partnership with RCB Investimentos S.A., one of the leading companies in the credit management and recovery market in Brazil, after acquiring 65% of its shares. Bradesco expects to add more efficiency to its credit recovery process, as well as actively participate in the credit acquisition market for recovery. The operation is subject to approval by the competent authorities.

h) On September 28, 2018, Bradesco and Grupo Fidelity terminated their joint venture in Fidelity Processadora S.A., a company that provides credit card processing services, in which Bradesco indirectly holds 49% of the share capital. Once the operation is concluded, Bradesco will remain as the single shareholder of the Processing Company, whose shareholders' equity will be constituted exclusively of assets and liabilities related to services provided to the Bradesco Organization. The parties, Bradesco and Grupo Fidelity, will maintain their shareholding in Fidelity Serviços S.A., a company providing call center, collection, fraud prevention, support and other related services. The operation aims to reduce the costs of processing, increasing the efficiency of the credit card business and not causing any impact on the activities and clients of Bradesco, as well as not involving financial values. The conclusion of the termination is subject to the competent regulatory authorities' approval.

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Management Bodies

Reference date: October 30, 2018
Board of Directors

Jefferson Ricardo Romon
 José Augusto Ramalho Miranda

Integrated Risk Management Committee and Capital Allocation

Chairman

Luiz Carlos Trabuco Cappi

José Gomes Fernandes

André Rodrigues Cano - Coordinator

Julio Cardoso Paixão

Alexandre da Silva Glüher

Klayton Tomaz dos Santos

Josué Augusto Pancini

Manoel Guedes de Araujo Neto

Maurício Machado de Minas

Vice-Chairman

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 Guilherme

Marcos Antônio Martins

Marcelo de Araújo Noronha

Nairo José Martinelli Vidal Júnior

Moacir Nachbar Junior

Nilton Pereira dos Santos Junior*

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 Guilherme

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André Rodrigues Cano

Alberto do Nascimento Lemos

Executive Officers

Almir Rocha

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Chief Executive Officer

Octavio de Lazari Junior

Altair Naumann

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Fernandes

Glaucimar Peticov

André Rodrigues Cano

Geraldo Dias Pacheco

Cassiano Ricardo Scarpelli

João Alexandre Silva

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João Pedro da Silva Villela

Luiz Carlos Trabuco Cappi -
Coordinator

Joel Queiroz de Lima

Managing DirectorsCarlos Alberto Rodrigues
Guilherme

Denise Pauli Pavarina

José Flávio Ferreira Clemente

Moacir Nachbar Junior

José Roberto Guzela

Milton Matsumoto

Renato Ejnisman

Luís Francisco da Silva Júnior

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Walkiria Schirrmeister Marchetti

Nelson Veiga Neto

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Osmar Sanches Biscuola

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Paulo Roberto Andrade de Aguiar

Octavio de Lazari Junior

Deputy Directors

Marcelo de Araújo Noronha

Aurélio Guido Pagani

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Denise Pauli Pavarina

Luiz Carlos Brandão Cavalcanti
Junior

Moacir Nachbar Junior

Statutory Committees

Rogério Pedro Câmara

Eurico Ramos Fabri

João Carlos Gomes da Silva

Glaucimar Peticov

Audit Committee

Bruno D'Avila Melo Boetger

Marcos Aparecido Galende

Glaucimar Peticov

Milton Matsumoto - Coordinator

José Ramos Rocha Neto

Paulo Roberto Simões da Cunha – **Committee to the Chief Financial Expert**
Executive Officer

Department Directors

Amilton Nieto

Wilson Antonio Salmeron Gutierrez

Paulo Ricardo Satyro Bianchini*

Executive Disclosure Committee

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Denise Pauli Pavarina -
Coordinator

Compensation Committee

André Ferreira Gomes

Josué Augusto Pancini

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Coordinator

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Carlos Alberto Rodrigues
Guilherme

Octavio de Lazari Junior

Antonio Gualberto Diniz

Milton Matsumoto

Marcelo de Araújo Noronha

Antonio José da Barbara

Valdirene Soares Secato
(non-Manager)

André Rodrigues Cano

Carlos Wagner Firetti

Moacir Nachbar Junior

Clayton Camacho

Antonio José da Barbara

Edilson Wiggers

Non-Statutory Committees

Carlos Wagner Firetti

Edson Marcelo Moreto

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Compliance and Internal Control Committee

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Frederico William Wolf

Oswaldo Tadeu Fernandes

João Albino Winkelmann

Carlos Alberto Rodrigues
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da Costa

José Sérgio Bordin

Milton Matsumoto

Layette Lamartine Azevedo Júnior

Alexandre da Silva Glüher

Fiscal Consil

Leandro José Diniz

Josué Augusto Pancini

Lucio Rideki Takahama

Maurício Machado de Minas

Sitting Members

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Marcelo de Araújo Noronha

Ariovaldo Pereira - Coordinator

Marcelo Santos Dall'Occo

André Rodrigues Cano

Domingos Aparecido Maia

Marcio Henrique Araujo Parizotto

Moacir Nachbar Junior

José Maria Soares Nunes

Marcos Aparecido Galende

Clayton Camacho

João Carlos de Oliveira

Marlos Francisco de Souza Araujo

Edilson Wiggers

| | | |
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| Mauricio Gomes Maciel | Frederico William Wolf | Walter Luis Bernardes Albertoni |
| Paulo Aparecido dos Santos | Marlos Francisco de Souza Araujo | |

Paulo Manuel Taveira de Oliveira
Ferreira

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Nairo José Martinelli Vidal Júnior -
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Marcelo de Araújo Noronha

Carlos Henrique Villela Pedras

André Rodrigues Cano

Carlos Leibowicz

Clayton Camacho

General Accounting Department

Edilson Dias dos Reis

Edilson Wiggers

Oswaldo Tadeu Fernandes

Edmir José Domingues

Frederico William Wolf

Accountant– CRC 1SP271968/O-5

Fernando Freiburger

Glaucimar Peticov

Fernando Honorato Barbosa

Nairo José Martinelli Vidal Júnior

Gilvandro Matos Silva

* Process in the process of
homologation by the Central Bank

Bradesco

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

Independent Auditors' Report on the Consolidated Financial Statements

To

Shareholders and Board of Directors of

Banco Bradesco S.A.

Osasco - SP

Introduction

We have reviewed the interim consolidated financial information of Banco Bradesco S.A. ("Bradesco" or "Bank"), which comprise the consolidated balance sheet as of September 30, 2018 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management of Bradesco is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim financial information mentioned above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil.

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

Other matters

Statement of Added Value

The consolidated interim accounting information related to the Statement of Added Value for the nine-month period ended September 30, 2018 prepared under the responsibility of Bradesco's management, whose presentation is not required by the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, were subject to review procedures performed in conjunction with the review of Bradesco's interim consolidated financial information. For our conclusion, we assess whether this statement is reconciled with the interim accounting information and with the accounting records, as applicable, and whether its form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, we are not aware of any fact that would lead us to believe that the Statement of Added Value was not prepared, in all material respects, in a manner consistent with the interim consolidated accounting information taken as a whole.

Osasco, October 30, 2018

KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

Original report in Portuguese signed by

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

Economic and Financial Analysis Report – September 2018

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

Fiscal Council Report

The members of the Fiscal Council, in the exercise of their legal and statutory attributes, have examined the Management Report and the Financial Statements of Banco Bradesco S.A. for the first semester of 2018, and based on: (i) the Independent Auditors' Report on that date; (ii) the technical feasibility study for use of deferred tax assets, prepared by Bradesco's Management, in compliance with provisions established by Instruction No. 371/02, of Brazilian Securities and Exchange Commission - CVM; the Resolutions No. 3,059/02 and No. 3.355/06, both of National Monetary Council; and the Circular Letter No. 3,171/02, of the Brazilian Central Bank, and in view of the report of KPMG Auditores Independentes, presented without qualification, are of the opinion that the stated documents examined in light of the accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Brazilian Central Bank, appropriately reflect the assets and liabilities and financial status of the Company.

Cidade de Deus, Osasco, SP, October 30, 2018.

Ariovaldo Pereira

Domingos Aparecido Maia

José Maria Soares Nunes

João Carlos de Oliveira

Walter Luis Bernardes Albertoni

Bradesco

For further information, please contact:

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Denise Pauli Pavarina

Director Executive Manager and Investor Relations Officer

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Fax.: (11) 3684-4630

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Market Relations Department

Carlos Wagner Firetti

Phone.: (11) 2194-0922

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Osasco – SP

www.bradesco.com.br

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 8, 2018

BANCO BRADESCO S.A.

By:

/S/Denise Pauli Pavarina

Denise Pauli Pavarina
Executive Managing Officer and
Investor Relations Officer.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
