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# **BANCO BRADESCO INVESTORS BRIEFING**



**Bradesco**

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# SINCE ITS FOUNDATION 73 YEARS AGO, BRADESCO HAS ACCOMPANIED THE DEVELOPMENT OF BRAZILIAN SOCIETY

Here we have some figures that show the size of Bradesco...

**R\$1.1 trillion** in total assets

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**69.4 Million** customers

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More than **363,000** Shareholders

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More than **61,000** Service points

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More than **R\$32 Billion** in Insurance Premiums in the 1H16

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**Base Date: Jun/16**

\* Includes sureties and guarantees, letters of credit, advances of receivables from credit cards, co-obligation in credit assignment (FIDC and CRI), co-obligation in rural credit assignment and transactions with credit risk - commercial portfolio, which includes debentures transactions and promissory notes.



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# **BRADESCO'S STRATEGY**



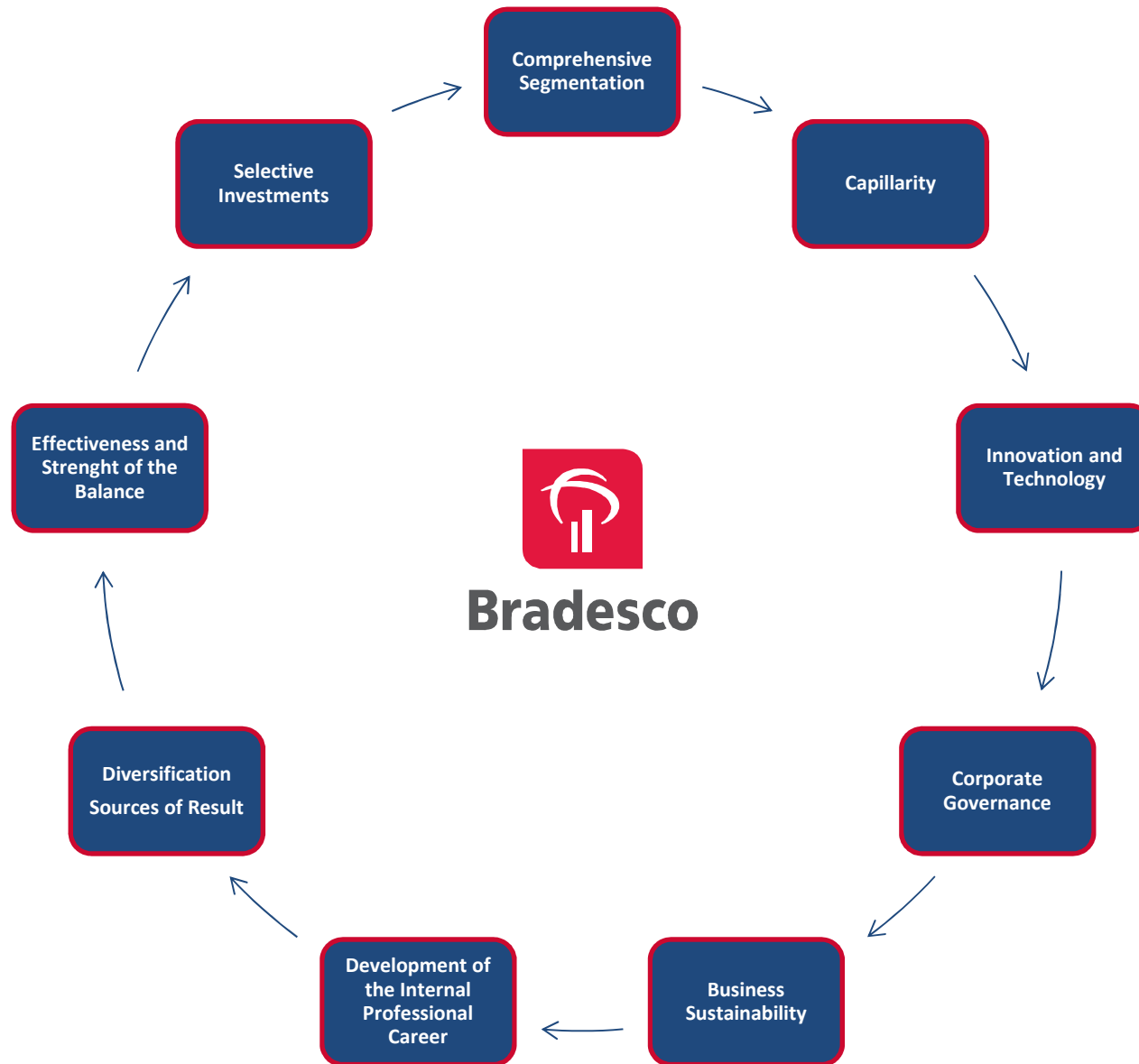
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## CORE FOCUS ON BANKING AND INSURANCE



## THE INPUTS AND KEY ELEMENTS OF THE STRATEGY WHICH GENERATE VALUE FOR BRADESCO



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# BROAD SEGMENTATION



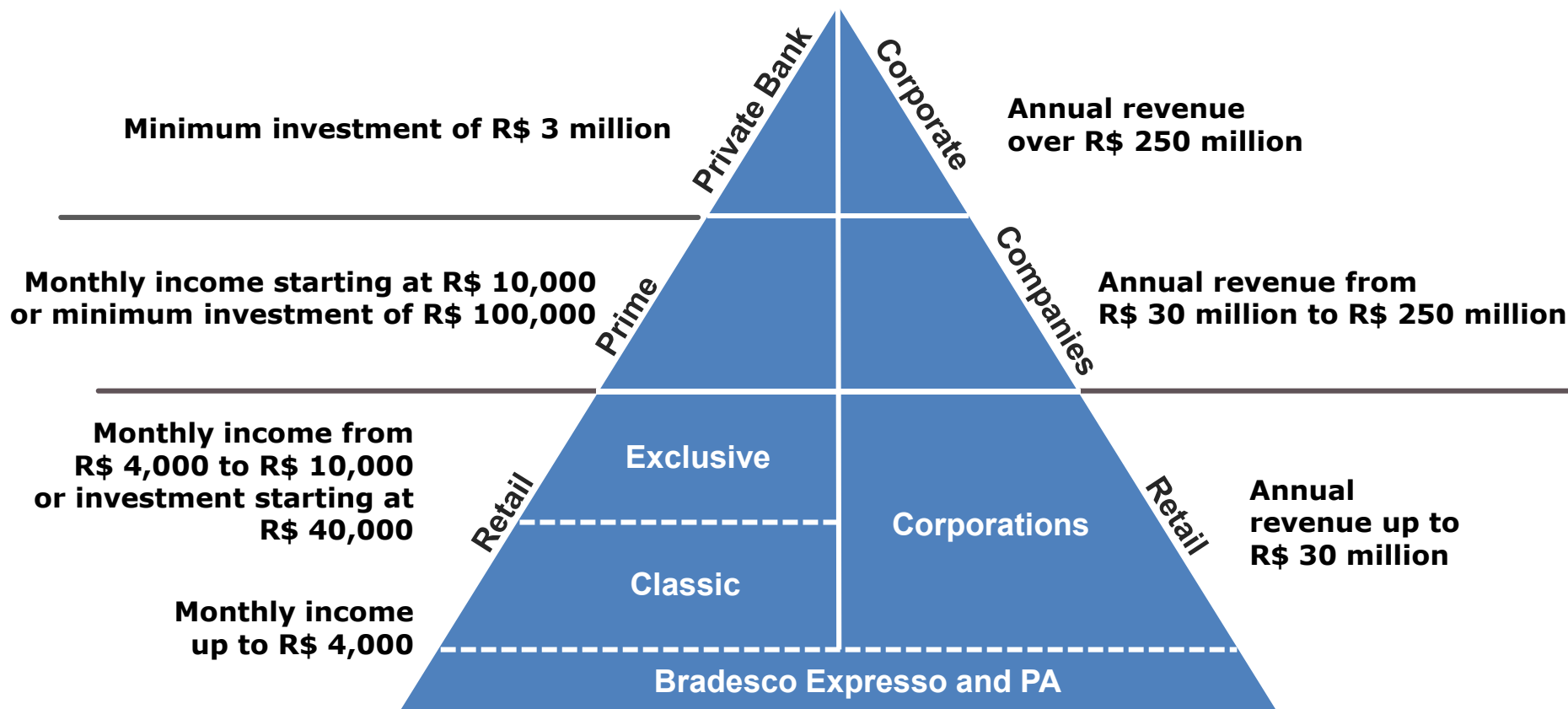
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**OUR CLIENT BASES IS SEGMENTED ACCORDING 4 BASICS FACTORS: (I) CLIENT INCOME; (II) AMOUNT INVESTED; (III) BEHAVIOUR TOWARDS THE ORGANIZATION AND (IV) PROFILE**

**Individuals**

**Companies**



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# CAPILLARITY

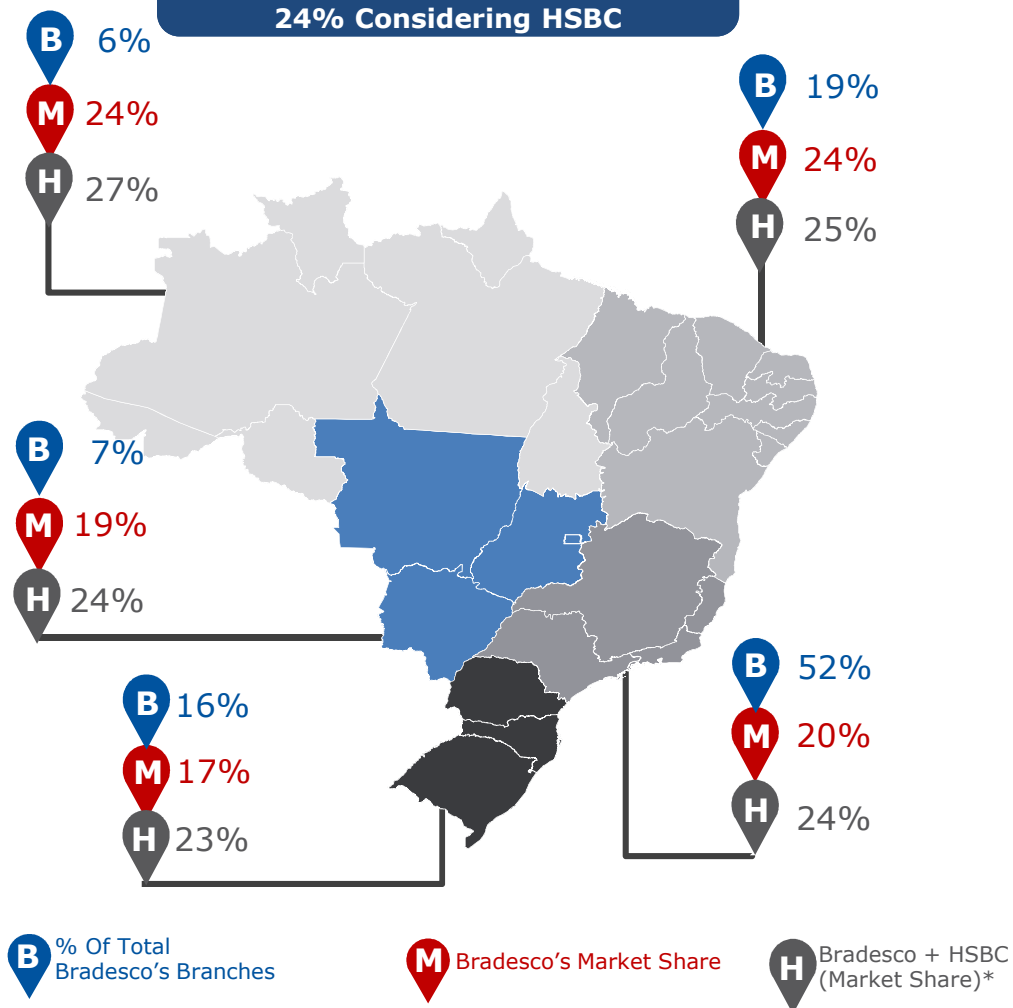


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# DISTRIBUTION NETWORK AND REGIONAL PRESENCE

**Bradesco's Market Share:**  
20% of Total Brazilian Branches  
24% Considering HSBC



\* In December 2014

|                              | Jun16         | Jun15         |
|------------------------------|---------------|---------------|
| Branches                     | 4,483         | 4,628         |
| PAs + PAEs <sup>1</sup>      | 4,211         | 4,443         |
| Bradesco Expresso            | 40,452        | 50,042        |
| Branches/Subsidiaries Abroad | 14            | 14            |
| BDNs-External Terminals      | 342           | 1,112         |
| Others <sup>2</sup>          | 12,063        | 14,031        |
| <b>TOTAL SERVICE POINTS</b>  | <b>61,565</b> | <b>74,270</b> |

<sup>1</sup>Including in Jun/16 3,485 PAs [Service Branches, a result of the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4,072, of April 26, 2012]; and 726 PAEs (In-Company Electronic Service Branches)

<sup>2</sup>Including in Jun16/15 11,127 Network ATMs and 936 Bradesco Promotora de Vendas service points

## IN ADDITION TO THE TRADITIONAL CHANNELS, WE ALSO HAVE DIGITAL AND ELETRONIC CHANNELS

### Weighted Average Cost per Channel <sup>2,3</sup>

|   |      |
|---|------|
| Branches  | 100% |
| Telebanco-Customized                                | 87%  |
| Autoatendimento<br>(Self-service banking)           | 49%  |
| Bradesco Expresso                                   | 28%  |
| Internet  | 9%   |
| Telebanco URA – IVR<br>(Interactive Voice Response) | 6%   |
| Bradesco Celular                                    | 4%   |

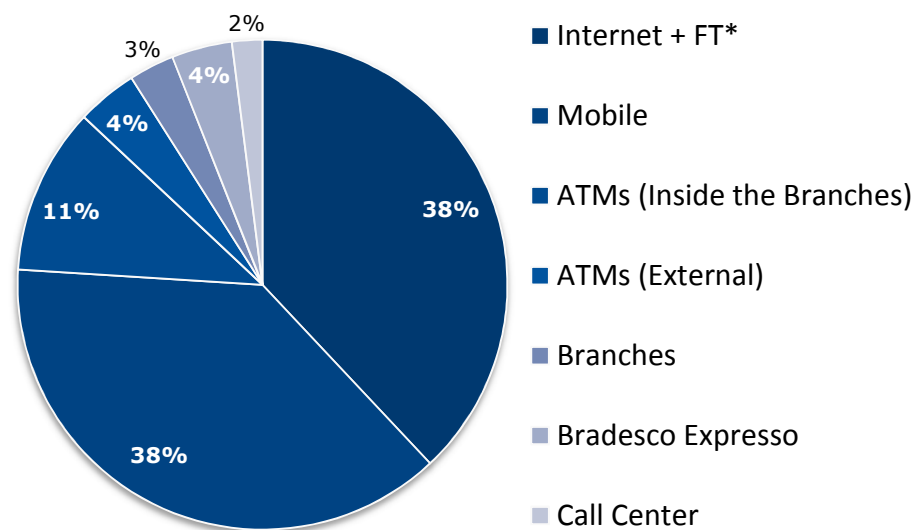
Reference Date: 1H16

<sup>1</sup> File Transmission

<sup>2</sup> Average Cost, ABC Costing

<sup>3</sup> Source: DOM

### Electronic and digital platforms account for 93% of banking transactions



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# INNOVATION AND TECHNOLOGY



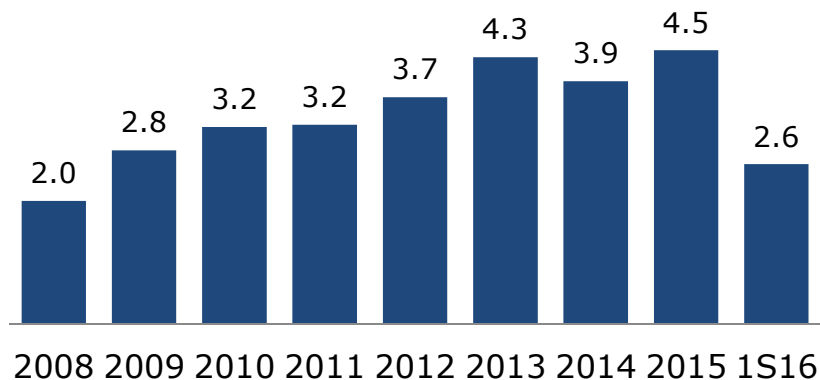
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# **BRADESCO HAS STRONG CAPACITY TO INVEST IN TECHNOLOGY, A KEY FACTOR TO DRIVE EFFICIENCY INCREASE AND CONTINUOUS IMPROVEMENT IN PRODUCT AND SERVICE QUALITY**

## **Evolution of the Investments in IT/Telecom**

R\$ Billion



Total Investment in the period (2008 to the 1H16):  
R\$30.2 billion\*



**Increased**  
revenue



**Cost** reduction



**Improvement in**  
the customer  
relationship



**Mitigation**  
of risks



Increased business  
**intelligence**

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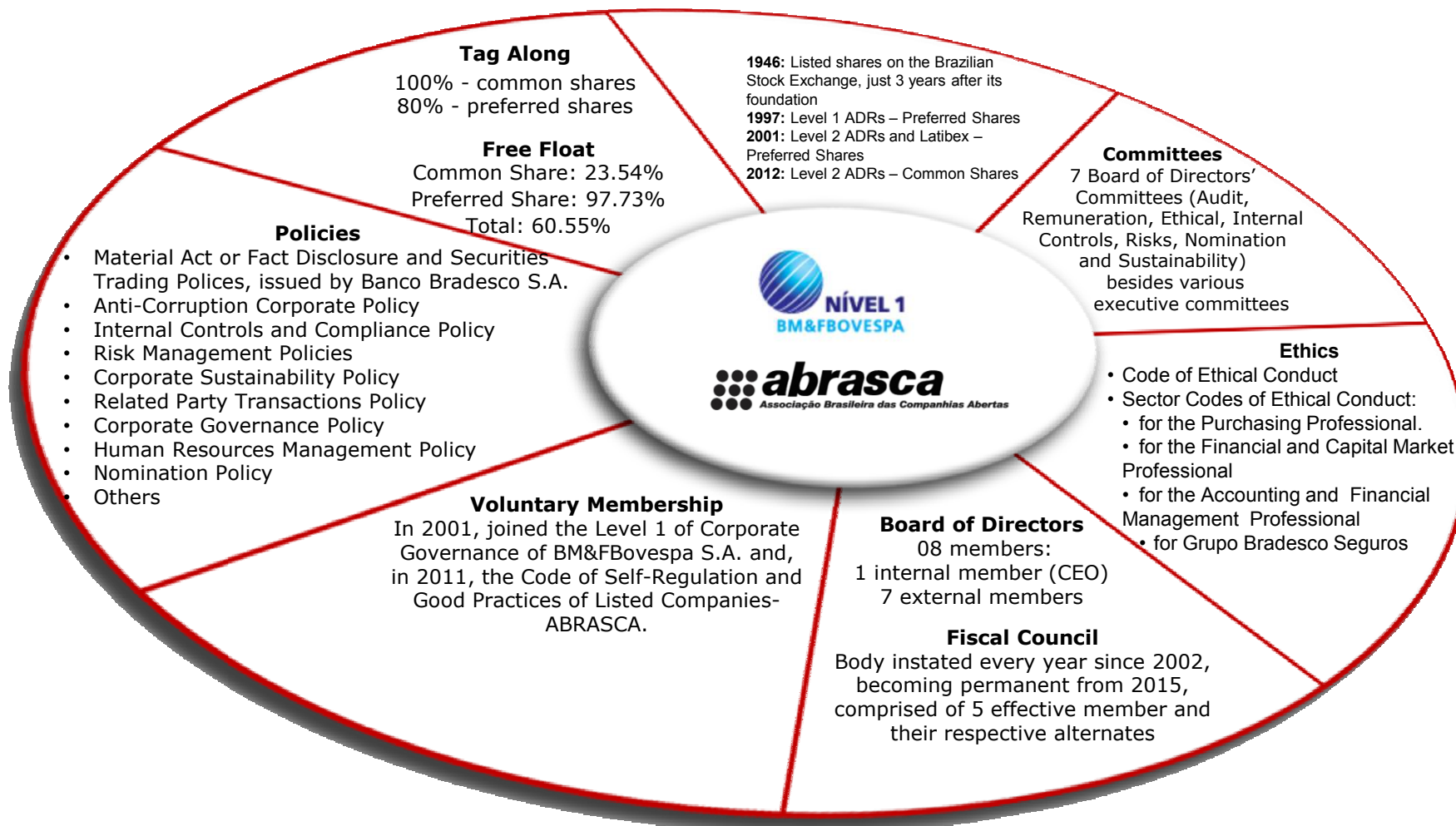
# CORPORATE GOVERNANCE



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# BRADESCO IS ALIGNED WITH BEST MARKET PRACTICE IN CORPORATE GOVERNANCE, BASED ON TRANSPARENCY AND RESPONSIBILITY



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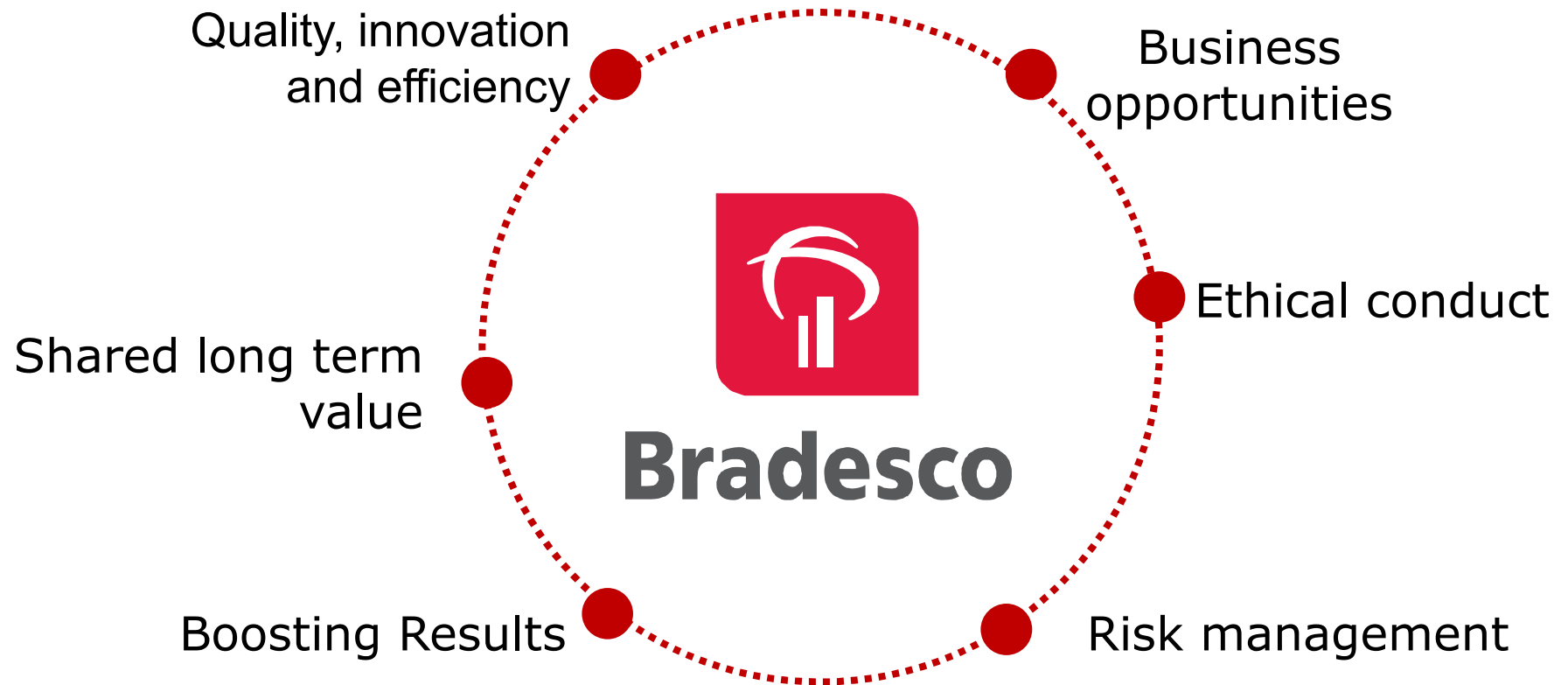
# SUSTAINABLE INITIATIVES



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## **BRADESCO STRIVES TO INCORPORATE BEST SUSTAINABILITY PRACTICE INTO ITS BUSINESS**



Our strategic sustainability goals were developed in our corporate drives such as ethical, innovation, efficiency and shareholders relations.

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# **INTERNAL PROFESSIONAL CAREER DEVELOPMENT**



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## **BRADESCO HAS A SOLID CORPORATE CULTURE**

### **PEOPLE MANAGEMENT**

- Healthy work environment
- Defense and protection of human rights
- SA8000: promotion of the continuous improvement of the working environment conditions

### **WORKING ENVIRONMENT**

- Promoting initiatives that improve the working environment;
- Encouraging voluntary practices
- Fighting against discriminatory practices

### **WORKFORCE**

- Key asset to generate value to Bradesco
- Solid culture and great appreciation of the career
- UniBrad: promotion of the professional and personal development of all of its employees

### **RETAINING TALENTS**

- Offers of opportunities for professional growth
- Mapping Skills: identifies the talents of each employee
- Admission channel in partnership with Fundação Bradesco

**INVESTMENTS IN EMPLOYEE TRAINING AND DEVELOPMENT ARE PART OF THE INTERNAL CAREER POLICY, DRIVING THE LONG TERM COMMITMENT**

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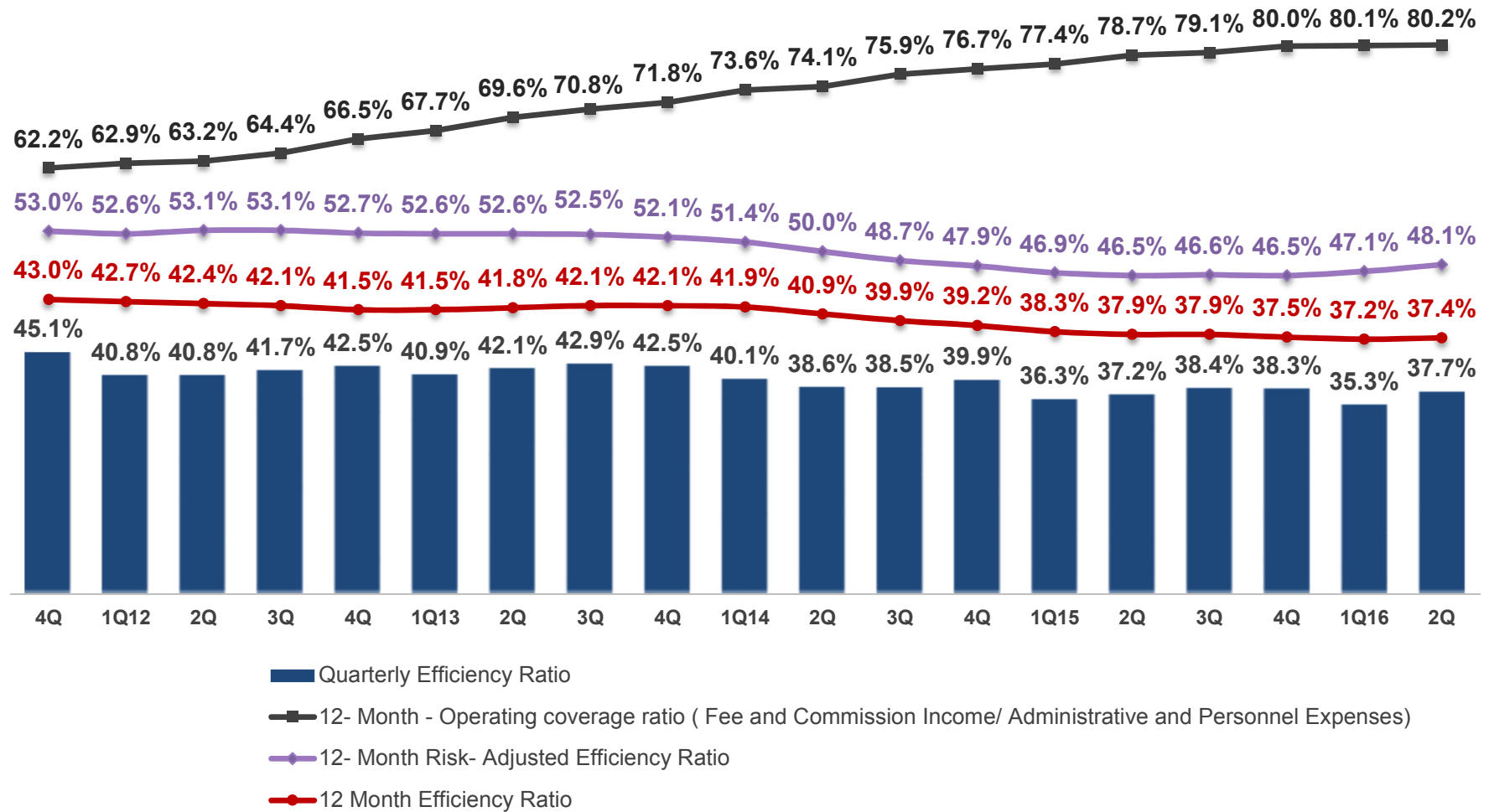
# OPERATIONAL EFFICIENCY



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# OPERATIONAL EFFICIENCY



Source: Accounting Department

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# DIVERSE GENERATION OF RESULTS



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# NET INCOME BREAKDOWN

|                         | 2Q16       | 1Q16       | 1H16       | 1H15                                |
|-------------------------|------------|------------|------------|-------------------------------------|
| - Credit Intermediation | 31%        | 29%        | 30%        | 34%                                 |
| - Fees                  | 31%        | 28%        | 29%        | 28%                                 |
| - Securities/Others     | 10%        | 9%         | 10%        | 9%                                  |
| <b>Banking</b>          | <b>72%</b> | <b>66%</b> | <b>69%</b> | <b>71%</b>                          |
| <b>Insurance</b>        | <b>28%</b> | <b>34%</b> | <b>31%</b> | <b>29%</b>                          |
|                         |            |            |            | Other Activities $\cong$ <b>70%</b> |

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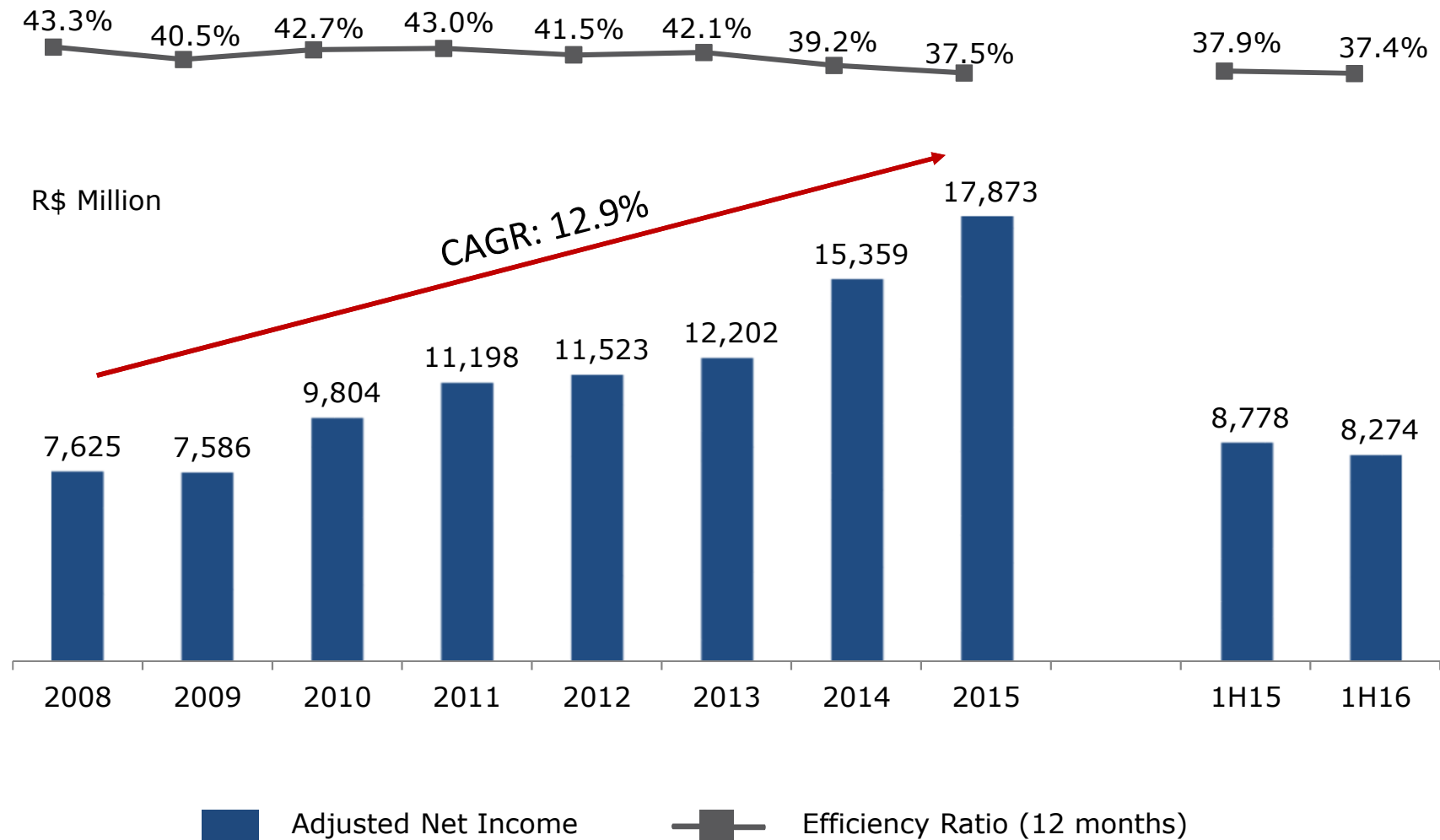
# SOLIDITY BALANCE



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# NET INCOME EVOLUTION



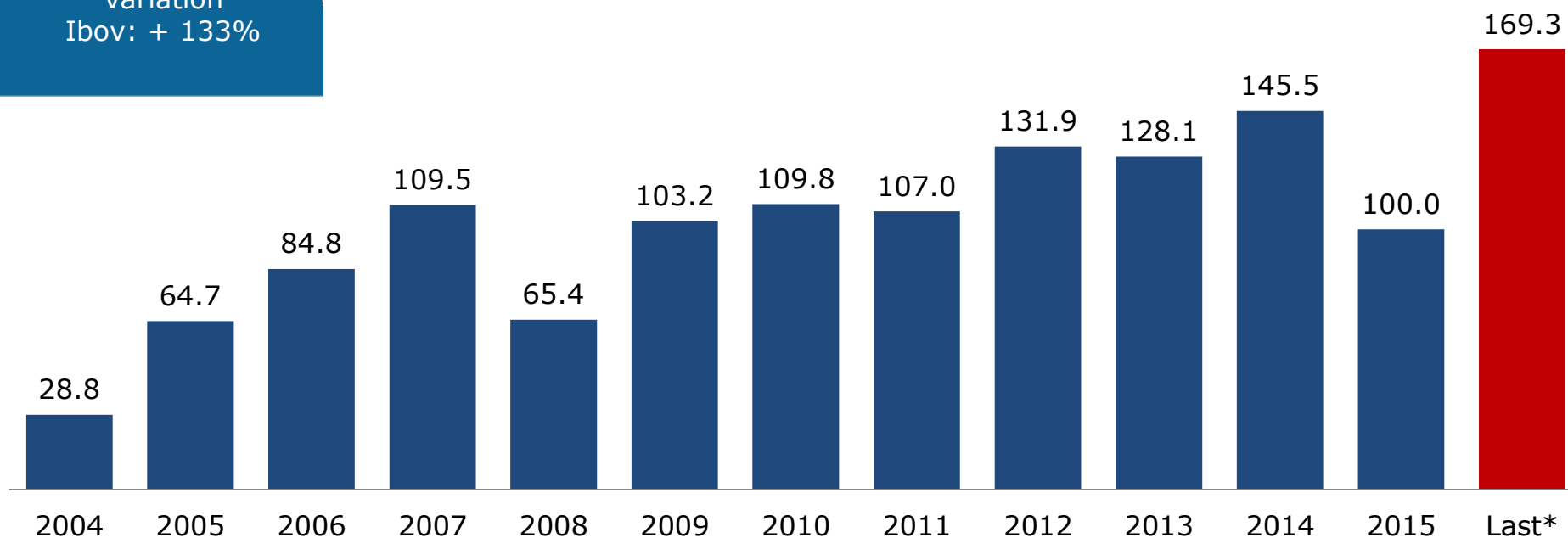
Source: Accounting Department

# MARKET VALUE AND MULTIPLES

R\$ Billion

**+488%**

Variation  
Ibov: + 133%



| Multiple P/BV |       |       |       |      |       |       |      |       |       |      |      |       |
|---------------|-------|-------|-------|------|-------|-------|------|-------|-------|------|------|-------|
| 2004          | 2005  | 2006  | 2007  | 2008 | 2009  | 2010  | 2011 | 2012  | 2013  | 2014 | 2015 | *Last |
| 2.0x          | 3.4x  | 3.5x  | 3.6x  | 1.9x | 2.5x  | 2.3x  | 1.9x | 1.9x  | 1.8x  | 1.8x | 1.1X | 1.8x  |
| Multiple P/E  |       |       |       |      |       |       |      |       |       |      |      |       |
| 2004          | 2005  | 2006  | 2007  | 2008 | 2009  | 2010  | 2011 | 2012  | 2013  | 2014 | 2015 | *Last |
| 10.0x         | 12.1x | 16.8x | 15.2x | 8.6x | 13.6x | 11.2x | 9.6x | 11.4x | 10.5x | 9.5x | 5.6X | 9.7x  |

Source: Economática  
\* Last: 10/14/2016

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# SELECTIVE INVESTMENTS



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# HSBC – DISTRIBUTION NETWORK EXPANSION

Network of 851 branches in 529 cities, in addition to other service branches and electronic service branches

| HSBC | # of total branches<br>(May/15) | # of cities | % of covered<br>GDP |
|------|---------------------------------|-------------|---------------------|
|      | 851                             | 529         | 80%                 |

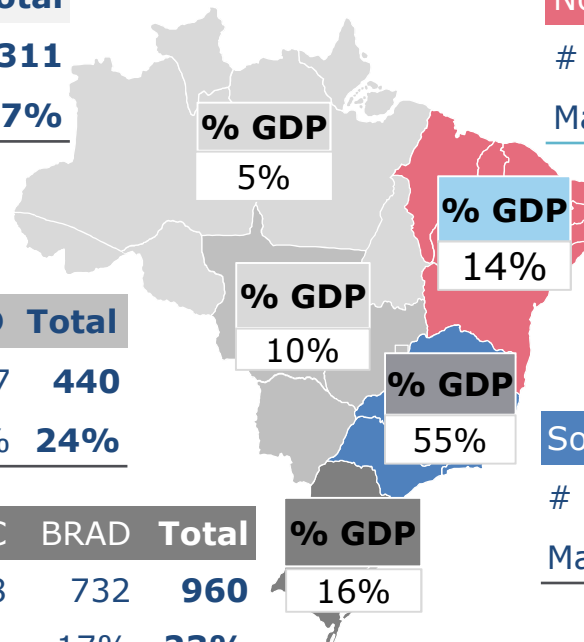
| North        | HSBC | BRAD | Total      |
|--------------|------|------|------------|
| # Branches   | 39   | 272  | <b>311</b> |
| Market Share | 3%   | 24%  | <b>27%</b> |



| Northeast    | HSBC | BRAD | Total      |
|--------------|------|------|------------|
| # Branches   | 56   | 845  | <b>901</b> |
| Market Share | 2%   | 24%  | <b>25%</b> |

| Midwest      | HSBC | BRAD | Total      |
|--------------|------|------|------------|
| # Branches   | 103  | 337  | <b>440</b> |
| Market Share | 6%   | 19%  | <b>24%</b> |

| South        | HSBC | BRAD | Total      |
|--------------|------|------|------------|
| # Branches   | 228  | 732  | <b>960</b> |
| Market Share | 5%   | 17%  | <b>23%</b> |

| Southeast    | HSBC | BRAD  | Total |
|--------------|------|-------|-------|
| # Branches   | 425  | 2.318 | 2.743 |
| Market Share | 4%   | 20%   | 24%   |



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- ✓ **THE BIGGEST ACQUISITION EVER UNDERTAKEN BY BRADESCO, REAFFIRMING BRADESCO'S CONFIDENCE IN THE BRAZILIAN ECONOMY;**
  - ✓ **BRADESCO WILL OBTAIN RELEVANT GAINS OF SYNERGY IN TECHNOLOGY, LOGISTICS, SUPPLIER RELATIONSHIP MANAGEMENT, TAKING ADVANTAGE OF THE LOCAL PLATFORM;**
  - ✓ **IMPROVED CUSTOMER SERVICE AND CONVENIENCE TO CLIENTS;**
  - ✓ **HIGHER PRODUCT PENETRATION IN THE CLIENT BASE, PARTICULARLY INSURANCE AND CARDS;**
  - ✓ **COMPLEMENTARY BRANCH NETWORK AND PORTFOLIO OF PRODUCTS; AND INTEGRATION OF EXPERTISE AND HUMAN CAPITAL.**
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# Thanks!

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