BANK BRADESCO
Form 6-K
June 01, 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 May, 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 ___X___ 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 ___X____

Summary

1. Individuals responsible for the Form

1.1 - Declaration and identification of the individuals in charge

Name of the person in charge of the form's contents: Octavio de Lazari Junior

Position: Chief Executive Officer

Name of the person in charge of the form's contents: Denise Pauli Pavarina

Position: Investor Relations Officer

The aforementioned Officers hereby state:

a) to have revised the reference form of Banco Bradesco S.A. – "Bradesco", "Company" or "Organization";

b) that all information contained in the form meets the provisions of CVM Instruction No. 480, particularly those set out in articles 14 to 19; and

c) that the set of information contained therein is a true, accurate, and complete description of the issuer's economic financial outcomes and of the risks inherent to its activities and securities issued.

1.1 - CEO's Statement

S T A T E M E N T

Cidade de Deus, Osasco/SP, May 30, 2018.

I, **Octavio de Lazari Junior** – CEO of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.'s annual reference form, data base 2017;

2. All of the information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and

3. The information herein provides a true, accurate and complete picture of the issuer's financial situation and the risks inherent in its activities and its issue of securities.

Octavio de Lazari Junior

CEO

1.2 - Investor Relations Officer's Statement

S T A T E M E N T

Cidade de Deus, Osasco/SP, May 30, 2018.

I, **Denise Pauli Pavarina** – Managing Officer and Investor Relations Officer of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.'s annual reference form, data base 2017;

2. All of the information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and

3. The information herein provides a true, accurate and complete picture of the issuer's financial situation and the risks inherent to its activities and its issue of securities.

Denise Pauli Pavarina

Managing Officer and Investor Relations Officer

1.3 - Statement of the CEO / Investor Relations

The individual statements of the CEO and of the Officer of Investor Relations are described, respectively, in items 1.1 and 1.2 of this Reference Form.

.

2. Independent Auditors

2.1/2.2 - Identification and remuneration of Auditors

Identification and remuneration of Auditors	
Is there an auditor?	Yes
CVM Code	418-9
Type of auditor	Local
Name/Corporate name	**KPMG Auditores Independentes**
CPF/CNPJ [Individual/Corporate Taxpayer's Registry]	57.755.217/0022-53
Service period	March 21, 2011
Description of contracted services	The services referring to the fiscal year of 2017, 2016 and 2015, include: (i) Auditing of the financial statements of companies and funds within the Organization; (ii) Regulatory Reports in compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (pre-agreed procedures, investigations and review of information, substantially, financial, fiscal and actuarial data).
Total amount of compensation of independent auditors divided by service	Auditing services contracted in 2017: R$41,379 thousand Other Services: R$2,321 thousand Total: R$43,700 thousand
Justification for the replacement	Not Applicable
Reason presented by the auditor in case of disagreement with the justification provided by the issuer	Not Applicable
Service period	3/21/2011 à 12/31/2015
Name of the technician in charge	Cláudio Rogélio Sertório
CPF [Individual Taxpayer's Registry]	094.367.598-78
Address	Av. Dionysia Alves Barreto, 500 - Conj. 1001, 10º andar, Centro, Osasco, SP, Brasil, CEP 06086-050, Phone +55 (011) 2856-5300, Email:csertorio@kpmg.com.br
Service period	1/1/2016
Name of the technician in charge	Rodrigo de Mattos Lia
CPF [Individual Taxpayer's Registry]	132.892.398-37

Address	Av. Dionysia Alves Barreto, 500 - Conj. 1001, 10º andar, Centro, Osasco, SP, Brasil, CEP 06086-050, Phone +55 (011) 2856-5300, Email: rlia@kpmg.com.br

2.3 - Other relevant information

There is no other information deemed relevant at this time.

3. Selected financial information

3.1 - Financial Information – Consolidated

(In accordance with International Accounting Standards - IFRS) In R$	Fiscal Year 12/31/2017	Fiscal Year 12/31/2016	Fiscal Year 12/31/2015
Shareholders' Equity	117,693,704,000.00	105,479,207,000.00	90,914,762,000.00
Total Assets	1,224,353,440,000.00	1,192,029,656,000.00	1,026,703,522,000.00
Net revenue / Revenue from financial intermediation / Gains from insurance premiums	226,431,352,000.00	237,368,874,000.00	204,488,753,000.00
Gross earnings	23,743,559,000.00	31,905,456,000.00	9,603,583,000.00
Net earnings	17,314,603,000.00	17,992,726,000.00	18,237,905,000.00
Number of shares, excluding Treasury	6,085,073,610	6,085,073,610	6,085,665,540
Share equity value (Reais per unit)	19.34	17.33	14.94
Basic Earnings per Share	2.67	2.80	2.84
Diluted Earnings per Share	2.67	2.80	2.84

3.2 - Non-GAAP earnings

The non-GAAP earnings were not disclosed in the course of the last fiscal year.

3.3 - Subsequent events to the latest financial statements

There were no subsequent events that need to be adjusted or disclosed for the consolidated financial statements that were closed on December 31, 2017.

In January 2018, Bradesco executed the credit assignment of operations, already written off as loss, without the retention of risks and benefits, in the amount of R$5,323,120 thousand, whose sale value was of R$110,189 thousand.

3.4 - Income allocation policy

(R$ thousand)	Income Allocation 2017	2016	2015
A) Rules on withholding profits	**Legal reserve**		

The allocation of a portion of the net income, for legal reserves, is set out by Article 193 of Law No. 6,404/76 and is intended to ensure the integrity of the share capital, and may only be used to offset losses or to increase capital.

The net income for the year, five percent (5%), shall be applied before any other allocation, in the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the share capital.

The legal reserve may no longer be constituted in the year in which the balance of this reserve, increased by the amount of the capital reserves provided for in paragraph 1 of Article 182, exceeds thirty percent (30%) of the share capital.

Statutory Reserves

Article 194 of Law No. 6,404/76 regulates the creation of statutory reserves. Pursuant to such legal document, the Company's bylaws may create reserves based on the following specific conditions:
- the purpose is accurately and completely indicated;

- the criteria for determining the portion of annual net income that will be allocated for its constitution is established; and

- the maximum reserve limit is set.

Pursuant to applicable laws, Article 28 of the Bylaws sets out that the balance of the net income, after every statutory allocation, will have the allocation proposed by the Board of Executive Officers, approved by the Board of Directors and deliberated in the Shareholders’ Meeting, and one hundred percent (100%) of this balance may be allocated to the Profits Reserves – Statutory, aimed at keeping the operating margin compatible with the development of active operations of the Company, up to the limit of ninety-five percent (95%) of the value of the paid-in share capital.

In case a proposal by the Board of Executive Officers, on the allocation of the net income for the year, includes the payout of dividends and/or the payment of interest on shareholders' equity in an amount greater than the mandatory dividend established in Article 27, item III, of the bylaws, and/or the withholding of profits in accordance with Article 196 of Law No. 6,404/76, the balance of net income for purposes of constituting this reserve will be determined after the full deduction of these allocations.

Amounts referring to the Withholding of Profits (R$ thousand)	Net Income for the Year	14,657,755	15,083,578	17,189,634
	Legal Reserve	732,888	754,179	859,481
	Statutory Reserves	6,720,523	7,353,617	10,295,188
	Gross Interest on Shareholders' Equity	7,204,344	6,975,782	5,122,963
	Dividends	-	-	912,000

B) Rules on the distribution of dividends

With the advent of Law No. 9,249/95, which entered into force on January 1, 1996, companies can pay interest on shareholders' equity, to be imputed, net of withholding income tax, to the amount of the minimum mandatory dividend.

Minimum Mandatory Dividend

In accordance with item III of Article 27 of Bradesco's Bylaws, shareholders are entitled to thirty percent (30%) of the net income as minimum mandatory dividends, in each fiscal year, adjusted by reducing or increasing the values specified in items I, II and III of Article 202 of Law No. 6,404/76 (Brazilian Corporate Act). Therefore, the minimum percentage of thirty percent (30%), established in the Bylaws, is above the minimum percentage of twenty five percent (25%), which is established in paragraph 2 of Article 202 of Law No. 6,404/76.

Shareholders Holding Preferred Shares

Preferred shares grant their holders dividends of ten percent (10%) higher than those that are attributed to common shares (letter "b" of paragraph 2 of Article 6 of the corporate Bylaws).

Re-Application of Dividends or Interest on Shareholders' Equity

The re-application of Dividends and/or Interest on Shareholders' Equity is a product that allows Bradesco's depositor shareholders, registered in the Bradesco Corretora, either individuals or corporate entities, to invest the amount received, credited to checking accounts, in new shares (currently only for preferred shares), thereby increasing shareholding interest.

Shareholders have the option of re-applying the monthly and/or special (complementary and intermediary) dividends. There is no ceiling for this re-application and the minimum limit should be enough for the acquisition of at least one (1) share.
Bradesco has distributed dividends on a monthly basis since 1970, becoming the first Brazilian financial institution to adopt such a practice.

C) Frequency of dividend payouts

Interim Dividends

The Board of Executive Officers, upon approval by the Board of Directors, is authorized to declare and pay interim dividends, twice a year or on a monthly basis, to the existing Accrued Profits or Profit Reserves accounts (Article 27, paragraph 1 of the Bylaws).

They may also authorize the distribution of Interest on Shareholders' Equity to replace interim dividends, either integrally or partially (Article 27, paragraph 2 of the Bylaws).

Interest on Shareholders' Equity Monthly Payment System

For the purposes set out in Article 205 of Law No. 6,404/76, shareholders that are entered into the records of the Company on the date of the statement, which occurs on the first business day of each month, shall be deemed beneficiaries.

Payments are made on the first business day of the subsequent month, one month in advance of the mandatory dividend, by credit into the account that has been informed by the shareholder or provided to the Company.

D) Any restrictions on the distribution of dividends, imposed by special laws or regulations applicable to the issuer, as well as contracts, judicial or administrative decisions or arbitration.

There are no restrictions on the distribution of dividends.

E) If the issuer has a policy of destination of results formally approved, they should inform the body responsible for the approval, the date of approval and, if the issuer discloses the policy, the locations on the global computer network where the document can be consulted

The Company has a document entitled "Practices for the Payment of Dividends and/or Interest on Own Capital of Banco Bradesco S.A." approved by the Board of Directors on April 1, 2015 and publicly available on the site of the Securities and Exchange Commission (*Comissão de Valores Mobiliários* – CVM) (www.cvm.gov.br), of B3 S.A. – Brasil, Bolsa, Balcão (www.b3.com.br) and on the Company's Investor Relations website (www.bradescori.com.br), which establishes, among other aspects, the periodicity for the payment of dividends and the parameter of reference to be used to define the amount that will be distributed. In the specific case of Bradesco, the Company establishes the payment of dividends and/or interest on own capital on a monthly basis.

3.5 - Dividend payouts

In R$	Fiscal Year 12/31/2017	Fiscal Year 12/31/2016	Fiscal 12/31/
Adjusted Net Income	13,924,867,367.13	14,329,398,853.69	16,330,1
Dividends distributed in relation to adjusted net income	51.737256	48.681606	
Rate of return in relation to the equity of the issuer	13.270043	15.017140	
Total distributed dividends	7,204,344,268.60	6,975,781,491.26	6,034,9
Withheld net income	7,453,410,854.69	8,107,796,249.43	11,154,6
Date of approval of the withholding	3/12/2018	3/10/2017	

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Mandatory Dividend						
Common	-	-			-	
Preferred	-	-			-	
Common			-	-	-	
Preferred			-	-	-	
Common					435,144,968.29	7/17/2015
Preferred					476,855,031.71	7/17/2015

12 – Reference Form – 2018

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Interest on Shareholders' Equity						
Common	47,820,250.05	2/1/2017				
Common	47,820,250.25	3/1/2017				
Common	47,820,250.28	4/3/2017				
Common	47,820,249.83	5/2/2017				
Common	52,602,316.54	6/1/2017				
Common	52,602,313.39	7/1/2017				
Common	526,010,907.35	7/18/2017				
Common	52,602,312.87	8/1/2017				
Common	52,602,313.69	9/1/2017				
Common	52,602,313.74	10/2/2017				
Common	52,602,313.71	11/1/2017				
Common	52,602,312.43	12/1/2017				
Common	52,602,311.49	1/2/2018				
Common	2,300,701,090.15	3/8/2018				
Common	52,363,180.27	2/1/2017				
Preferred	52,363,191.97	3/1/2017				
Preferred	52,363,191.49	4/3/2017				
Preferred	52,363,194.57	5/2/2017				
Preferred	57,599,005.80	6/1/2017				
Preferred	57,598,991.32	7/1/2017				
Preferred	575,989,092.65	7/18/2017				
Preferred	57,598,987.71	8/1/2017				
Preferred	57,598,991.64	9/1/2017				
Preferred	57,599,004.92	10/2/2017				
Preferred	57,599,008.71	11/1/2017				
Preferred	57,599,005.94	12/1/2017				
Preferred	57,599,005.99	1/2/2018				
Preferred	2,519,298,909.85	3/8/2018				
Common			43,481,385.87	2/1/2016		
Common			43,472,940.30	3/1/2016		
Common			43,472,940.89	4/1/2016		
Common			43,472,942.64	5/2/2016		
Common			47,820,251.91	6/1/2016		
Common			47,820,003.07	7/1/2016		
Common			478,278,523.96	7/18/2016		
Common			47,820,252.22	8/1/2016		
Common			47,820,252.32	9/1/2016		
Common			47,820,252.34	10/3/2016		
Common			47,820,251.11	11/1/2016		
Common			47,820,251.13	12/1/2016		
Common			47,820,249.78	1/2/2017		
Common			1,583,283,302.16	3/8/2017		

Common	711,689,900.58	3/8/2017
Preferred	47,610,792.02	2/1/2016
Preferred	47,600,983.23	3/1/2016
Preferred	47,600,994.37	4/1/2016
Preferred	47,601,013.22	5/2/2016
Preferred	52,363,180.78	6/1/2016
Preferred	52,363,434.43	7/1/2016
Preferred	523,721,476.04	7/18/2016
Preferred	52,363,179.67	8/1/2016
Preferred	52,363,189.25	9/1/2016
Preferred	52,363,188.67	10/3/2016
Preferred	52,363,189.54	11/1/2016
Preferred	52,363,178.61	12/1/2016
Preferred	52,363,179.96	1/2/2017
Preferred	1,733,716,697.84	3/8/2017
Preferred	779,310,113.35	3/8/2017

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Interest on Shareholders' Equity						
Common					39,531,550.03	2/2/2015
Common					39,531,549.96	3/2/2015
Common					39,531,549.21	4/1/2015
Common					43,484,690.31	5/4/2015
Common					43,484,683.32	6/1/2015
Common					43,484,684.25	7/1/2015
Common					43,481,379.16	8/3/2015
Common					43,481,379.42	9/1/2015
Common					43,481,379.44	10/1/2015
Common					43,481,379.83	11/3/2015
Common					43,481,379.61	12/1/2015
Common					43,481,379.68	1/4/2016
Common					1,935,154,280.79	3/1/2016
Preferred					43,356,901.17	2/2/2015
Preferred					43,356,895.48	3/2/2015
Preferred					43,356,900.27	4/1/2015
Preferred					47,692,133.56	5/4/2015
Preferred					47,692,135.11	6/1/2015
Preferred					47,671,006.32	7/1/2015
Preferred					47,646,706.32	8/3/2015
Preferred					47,610,813.19	9/1/2015
Preferred					47,610,806.92	10/1/2015
Preferred					47,610,802.20	11/3/2015
Preferred					47,610,802.38	12/1/2015
Preferred					47,610,802.33	1/4/2016
Preferred					2,119,045,719.21	3/1/2016

3.6 - Declaration of dividends to the withheld profits or the reserves account

In relation to the last three fiscal years, no dividends were declared to the withheld profits accounts or to the reserves constituted in previous fiscal years.

3.7 - Level of indebtedness

Fiscal Year *	Sum of Current and Non-Current Liabilities	Index type	Level of indebtedness	Description and reason for the use of other indexes
12/31/2017	1,106,659,736,000.00	Level of indebtedness	9.4028797	-

*In accordance with International Accounting Standards - IFRS

3.8 - Obligations

Fiscal year December 31, 2017 (In accordance with International Accounting Standards-IFRS)

Type of Obligation	Type of Guarantee	Other guarantees or privileges	Less than one year	One to three years	Three to five years	More than fi years
Loans	Unsecured	-	17,278,885,000.00	746,718,000.00	496,110,000.00	
Debt Security	Unsecured	-	779,025,623,000.00	221,423,594,000.00	26,106,569,000.00	4,046,006,000
Total		**-**	**796,304,508,000.00**	**222,170,312,000.00**	**26,602,679,000.00**	**4,046,006,000**

Note:

The information refers to the Consolidated Financial Statements. It is important to stress that the financial institution financial mediators, raising funds from clients, and sharing these funds with clients. Therefore, the obligations inform item 3.8 are composed basically, of (i) Captures, that include: (a) Deposits; (b) Debentures; (c) On-lending operatio through the Issuance of Bonds and Securities and (e) Subordinated debt, besides the (ii) Provisions for insurance a

3.9 - Other relevant information

The selected financial information described in Section 3 refers to consolidated financial statements.

Item 3.1:

i. Composition of Net Income – Consolidated

In R$

Composition (In accordance with International Accounting Standards-IFRS)	2017	2016	2015
Revenue from financial intermediation	126,232,328,000.00	147,700,375,000.00	127,048,252,000.00
Fees and Commission income	22,748,828,000.00	20,341,087,000.00	17,856,873,000.00
Insurance, pension plan and bond retained premiums	70,046,635,000.00	65,027,122,000.00	58,760,780,000.00
Result from investment in affiliated companies and joint ventures	1,718,411,000.00	1,699,725,000.00	1,528,051,000.00
Other operating income	11,166,429,000.00	8,451,776,000.00	3,695,561,000.00
Contribution for Social Security Financing - COFINS	(3,989,959,000.00)	(4,458,019,000.00)	(3,290,081,000.00)
Service Tax - ISS	(775,117,000.00)	(656,841,000.00)	(565,259,000.00)
Social Integration Program (PIS) contribution	(716,203,000.00)	(736,351,000.00)	(545,424,000.00)
Total	**226,431,352,000.00**	**237,368,874,000.00**	**204,488,753,000.00**

ii. Number of Shares, Ex-Treasury (Units)

The number of shares presented were adjusted to reflect the share split, approved at the Special Shareholders' Meeting of March 10, 2017, in the proportion of one new share for every 10 possessed.

iii. Basic Result per Share and Result Diluted per Share

The basic earnings per share is calculated by dividing the net income, attributable to the controlling shareholders, by the weighted average of shares that are in circulation during the year, excluding the average number of shares that are acquired by Bradesco and held in treasury. The diluted profit per share does not differ from the basic earnings per share, because there are no potential dilutable instruments.

Items 3.4 and 3.5: Dividend payouts and the withholding of net income

We highlight the fact that the financial statements used for the policy of allocating incomes and for the distribution of dividends and interest on shareholders' equity, pursuant to items 3.4 and 3.5, respectively, were prepared in accordance with accounting practices adopted in Brazil, which are applicable to institutions authorized to operate by the Central Bank.

4. Risk factors

4.1 - Description of risk factors

Below are the main risk factors that the Organization considers relevant, on the date of this Reference Form, and that could influence the decision of investment. If they materialize, these risks could have an adverse effect on our business, our financial situation and equity, and the price of our securities. Therefore, possible investors could evaluate the risks described below thoroughly, as well as other information contained in this Reference Form.

We observed that the risks described below are not the only risks to which the Organization is subject. Other risks that we are not aware of, in case they materialize, can generate similar effects to those mentioned previously.

It is important to highlight that, the order in which the risks are presented reflect a criterion of relevance established by the Organization.

a) Risks relating to the issuer

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

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

Part of our funding originates from repurchase agreements, which are largely guaranteed by Brazilian government securities. This type of operation is generally short-term and volatile in terms of volume, as it is directly impacted by market liquidity. As these operations are typically guaranteed by Brazilian government securities, the value and/or perception of value of the Brazilian government securities may be significant for the availability of funds. For example, if the quality of the Brazilian government securities used as collateral is adversely affected, due to the worsening credit risk, the cost of these operations could increase, making this source of funding inefficient for us.

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

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

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

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

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

- limiting our ability to increase our customer base and expand our operations;

- reducing our profit margins in the banking, insurance, leasing and other services and products offered by us; and

- increasing competition for foreign investment opportunities.

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

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

As of December 31, 2017, our provision for impairment of loans and advances increased by 9.2% when compared to December 31, 2016, while our portfolio of loans and advances to customers decreased by 4.7% driven by the reduction of corporate customers operations, a decrease of 9.6%. It is worth highlighting that the operations for individuals increased by 1.8% over that same period.

As of December 31, 2016, our provision for the impairment of loans and advances decreased by 2.6% when compared to December 31, 2015, while our portfolio of loans and advances to customers grew by 5.9% over that same period. We emphasize that this growth in our portfolio of loans and advances is related to the acquisition of the operations of HSBC Brasil.

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

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

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

The value of certain investments in financial assets may decline significantly due to volatile financial markets and may fluctuate over short periods of time. As of December 31, 2017, investments in financial assets held for trading and available for sale represented 32.8% of our assets, and realized gains and losses or unrealized gains and losses for financial assets held for trading and available for sale have had and may continue to have a significant impact on the results of our operations. The amounts of such gains and losses, which we record when investments in financial assets are sold, or in certain limited circumstances when they are recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the fair value of the financial assets, which in turn may vary considerably, and our investment policies. We cannot predict the amount of realized gain or loss for any future period, and we believe that variations from period to period have no practical analytical value. Furthermore, any gains on our investment portfolio may not continue to contribute to net income at levels consistent with recent periods, and we may not successfully realize the appreciation in our consolidated investment portfolio or any portion thereof.

Our trading activities and derivatives transactions may produce material losses.

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

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

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

Our information technology systems could suffer shortages or become unavailable for a given period of time due to external factors, including events which are wholly or partially beyond our control, such as: cyber-attacks, protests which could prevent individuals from entering our buildings, changes to the regulatory framework, electrical or telecommunications outages, systems failures, resulting from human error or not, or other events involving third parties and suppliers.

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

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

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

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

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

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

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

In December 2017, with the mediation of the Federal Attorney's Office (AGU), the representative entities of banks and savers, signed an agreement related to the disputes of economic plans, with the purpose of closing these lawsuits, which established conditions and the schedule for the savers to exercise their right of compliance. This agreement was approved by the STF (Supreme Federal Court) on March 1, 2018, awaiting the *res judicata* to the arbitral award. Due to being a volunteer agreement, which does not require the savers to comply, there is no estimate of how many will, and, therefore, the banks may incur in relevant costs, which could result in a loss for us.

We may incur losses associated with counterparty exposures.

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

Our risk management structure may not be fully effective.

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

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

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

We may be subject to negative consequences of the Lawsuit resulting of the Operation Zealots investigation, including the filing of a class-action suit.

On May 31, 2016, a criminal lawsuit was filed against three members of our Board of Executive Officers by the Federal Police of Brazil, within the so-called "Operação Zelotes" or "Operation Zealots," which investigates the alleged improper performance of members of the Federal Administrative Tax Court (*Conselho Administrativo de Recursos Fiscais* – "CARF"). On July 28, 2016, the Federal Public Prosecution Office pressed charges against three officers of our Board of Executive Officers and a former member of our Board of Directors. The charges were received for processing by the Judge of the Tenth Federal District Court of the Federal District of Brazil. Currently, only two of the components of the Board of Bradesco remained in the process at that time. They have submitted their respective defenses in the criminal proceeding and moved to dismiss the charges against them. The instruction phase of the lawsuit has been concluded, and is now waiting for the final allegations and the judge's decision in the first instance court.

The Management of the Company conducted an internal evaluation of the records and documents related to the matter and found no evidence of any unlawful conduct by its representatives. Bradesco provided all the information to the competent authorities and regulators in Brazil and abroad.

Following news reports of Operation Zealots, a putative class-action lawsuit was filed in the US District Court for the Southern District of New York on June 3, 2016 asserting claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934. On October 21, 2016, the Court-appointed Lead Plaintiff submitted an Amended Class Action Complaint naming us and the three members of our Board of Executive Officers. The lawsuit is based on the allegation that investors who purchased our ADSs between April 30, 2012 and July 27, 2016 suffered damages due to a supposed violation of U.S. securities laws. In September 29, 2017, the Court limited the class proposed to investors who purchased preferred ADSs of Bradesco between August 8, 2014 and July 27, 2016. The demand passed from the phase of production of evidence (“discovery”), maintaining the limitation of the class indicated above. Considering the phase the demand is in, it is not possible at present to estimate the exposure and not enough elements are available to conduct a risk assessment.

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

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

b) Risks related to its direct or indirect controlling shareholder or control group

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

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

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

Fundação Bradesco and our Board of Directors could make decisions in relation to our policy towards acquisitions, divestitures, financings or other transactions, which may be contrary to the interests of holders of common shares and have a negative impact on the interests of holders of common shares.

c) Risks related to its shareholders

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

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

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

Under Brazilian Corporate Law (Law No. 6,404/76, as amended by Law No. 9,457/97 and Law No. 10,303/01, which we refer to collectively as "Brazilian Corporate Law") and our Bylaws, holders of our preferred shares are not entitled to vote at our shareholders' meetings, except in limited circumstances. As such, in contrast to holders of common shares, holders of preferred shares are not entitled to vote on corporate transactions, including any proposed merger or consolidation with other companies, among other things.

d) Risks related to its subsidiaries and associated companies

Below we highlight the main risks that could affect the business of our main subsidiary, Grupo Bradesco Seguros, Previdência e Capitalização, which contributed almost 30% of our income.

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

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

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

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

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

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

e) Risks related to its suppliers

We are not exposed to relevant risks related to our suppliers that could influence the decision of investment in our real estate values.

f) Risks related to its customers

We consider a risk relating to “the customers” as a risk related to the “issuer,” as described in item “a” of this section, which reads as “*We may face an increase in our level of delinquency in the payment of loans, to the measure that our loans and advance payment portfolio matures.*”

g) Risks relating to the economic sectors in which the issuer operates

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

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

The Brazilian government wanted to vote on the pension reform in the first half of the year 2018. However, because of the presidential elections and elections for the posts of governors, senators and federal deputies, state and district, which will occur in October 2018, and other matters related to the political conjuncture, and to the federal intervention in the area of public security in the State of Rio de Janeiro, the pension reform may be voted only after the elections or in 2019.

On February 16, 2018, President Michel Temer, by means of Decree No. 9,288/18, determined the federal intervention in the area of security of the State of Rio de Janeiro until December 31, 2018, and this decree was subsequently approved by the National Congress. Pursuant to paragraph 1, of article 60, of the Brazilian Federal Constitution, the Federal Constitution cannot be amended during the term of federal intervention, as occurs in the State of Rio de Janeiro, which confirms the understanding that the pension reform will only be voted on in the year of 2019. It is important to highlight that the intervention period may be reduced if the reasons for the intervention cease in the area of public security in Rio de Janeiro, in accordance with the Federal Constitution.

If the reform is not voted on in the current government, we cannot know if the next government will give continuity to the subject and in what way.

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

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

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

Michel Temer facing judicial actions and/or an impeachment process. As an example, on February 27, 2018 the STF (Supreme Federal Court) has authorized the extension for 60 days of the investigation, into whether Michel Temer accepted bribes for favors to companies in the Port of Santos, and on March 5, 2018 authorized the breach of banking secrecy of the president. The progress of this inquiry and the possible emergence of new accusations may significantly change the political scenario.

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

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

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

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

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

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

• other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

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

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

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

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

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

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

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

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

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

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

Similarly, low base interest rates may increase the leverage of borrowers, generating additional risk to financial system.

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

A U.K. exit from the European Union could adversely impact global economic or market conditions.

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

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

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

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

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

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

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

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

h) Risks related to the regulation of sectors in which the issuer operates

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

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

- minimum capital requirements;
- compulsory deposit/reserve requirements;
- fixed assets investment limitations;
- lending limits and other credit restrictions;
- earmarked credit operations, such as housing loans and rural credit;
- accounting and statistical requirements;
- minimum coverage;
- mandatory provisioning policies;
- limits and other restrictions on rates; and
- limits on the amount of interest that they can charge and the period for which they can capitalize on interest.

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

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

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

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

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

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

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

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

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

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

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

Article 192 of the Brazilian Constitution, enacted in 1988, established a 12.0% p.a. ceiling on bank loan interest rates. However, since the enactment of the Brazilian Constitution, this rate had not been enforced, as the regulation regarding the ceiling was pending. The understanding that this ceiling is not yet in force has been confirmed by *Súmula Vinculante* No. 7, a final binding decision enacted in 2008 by STF, in accordance with such Court's prior understanding on this matter. Since 1988, several attempts were made to regulate the limitation on loan interest, and especially bank loan interest rates, but none of them were implemented nor have been confirmed by Brazilian superior courts.

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

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

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

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

i) Risks related to foreign countries where the issuer operates

The risks to which our offices abroad are exposed are not characterized as relevant insofar as they generate significant impacts that could influence our decision of investment.

There is a proviso that the operations of our Offices Abroad are supported by policies, standards and procedures issued by the Organization.

j) Socio-environmental issues

The socio-environmental risk is represented by the potential damages that an economic activity may cause to society and the environment. The socio-environmental risks associated to financial institutions are, in their majority, indirect and stem from the business relations, including those with the supply chain and with clients, through activities of financing and investment, observing the principles of relevance and proportionality of activities of the Organization.

Funding for large projects carried out by clients can generate socio-environmental impacts that could affect the results and/or reputation of the Organization negatively.

The Organization promotes credit and financing operations, acting in several sectors, which may significantly affect an entire ecosystem, involving communities and the local flora and fauna. If a client, in the development of their activities, causes environmental impacts, such as the contamination of soil and water pollution above the regulations and/or environmental disasters, it has a direct obligation to repair the damage caused financially. Consequently, depending on the magnitude of the socio-environmental impact, this client can have their economic-financial structure compromised, which may generate losses to the Organization.

4.2 - Description of the main market risks

Bradesco is exposed to market risks that are inherent to their activities, such as currency risk and interest rate, since it exercises the role of financial broker, performing and funding/financing loans in various types of indexers.

As the best practice of risk management governance, Bradesco has a continuous process of management positions, which includes the controlling of all positions exposed to market risk through measures consistent with the best international practices and the Agreement of Capitals – Basel. There is an area, independent of the business areas, which performs the monitoring and control of the limits for exposure to market risk.

The proposals for risk limits are validated in specific business Committees, supported by the Committee of Integrated Risk Management and Capital Allocation, and submitted for approval by the Board of Directors, according to the characteristics of the operations, which are segregated into the following Portfolios:

- **Trading Portfolio:** comprised by every operation that is carried out with financial instruments, including derivatives, held with trading intent or to hedge other instruments in the trading portfolio, and which are not subject to the limitation of their negotiability. Operations held with trading intent are those intended for resale, obtention of benefits from effective or expected price variation, or for arbitration; and

- **Banking Portfolio:** comprised by operations that are not classified in the Trading Portfolio from the other business of the Organization and their respective hedges.

Market Risk Measurement Models

The measurement and control of market risk are made through the methodologies of Stress, Value at Risk (VaR), Economic Value of Equity (EVE) and Sensitivity Analysis, in addition to Results Management limits and Financial Exposure. The use of several methodologies for risk measurement and assessment is important, because they are always complementary and their combined use allows you to capture various scenarios and situations.

Trading and Regulatory Portfolio and Risk of Banking Portfolio Shares

The risks of the Trading Portfolio are controlled by Stress and VaR. In the case of Stress, which aims to quantify the negative impact of shocks and economic events that are financially unfavorable to the positions of the Organization, the analysis uses stress scenarios that are prepared by the area of Market Risk and Economic Area of the Organization from historical and prospective data for the risk factors in which the Portfolios hold a position.

For the calculation of VaR, the Delta-Normal methodology is adopted, with a 99% confidence level, and the applied horizon takes into account the number of days taken to undo any existing exposure. The methodology is applied to Trading and Regulatory Portfolios (Trading Portfolio positions plus exposure in foreign currency and commodities of the Banking Portfolio). Additionally, for the measurement of all risk factors of the options portfolio, the models of historic simulation and the Delta-Gama-Vega are applied, whereby the most conservative between the two prevails. For the calculation of the volatilities, correlations and historical returns, a window of at least 252 working days was adopted.

For regulatory purposes, the need for capital, relating to Banking Portfolio shares, is realized through the evaluation of credit risk, as determined by the Central Bank, i.e. they are not included in the calculation of Market risk.

Interest Rate Risk in the Banking Portfolio

The measurement and control of the interest rate risk of the Banking Portfolio are made from the EVE methodology, which measures the economic impact on the positions, according to the scenarios drawn up by the Economic area of the Organization, seeking to determine positive and negative movements that may occur in the curves of interest rates on our applications and funding.

The EVE methodology consists of re-pricing the portfolio, subject to a variation in interest rates and taking into consideration any increases or decreases in the rates used for the calculation of the present value and the total duration of assets and liabilities. Therefore, the economic value of the portfolio is calculated with both the market interest rates on the date of the analysis and with the scenarios designed. The difference between the values obtained for the portfolio will be the EVE, i.e. interest rate risk assigned to the Banking Portfolio.

For the measurement of interest rate risk in the Banking Portfolio, the premise of the early settlement of loans is not used. For demand deposits and savings, which have no maturity defined treatments for the verification of historical behaviors, are carried out as well as the possibility of their maintenance. Hence, after all of the deductions are levied on the demand deposits and savings, for example, the compulsory maintained by the Central Bank, the remaining balance (free resources) is allocated in accordance with the flow of the salaries of the prefixed active operations, and, in the case of savings, the risk factor considered for its mapping is the TR (Referential Rate) coupon.

Evolution of Risk Exposure

In this section, we present the evolution of the VaR that is calculated by the internal model, Stress Analysis and Sensitivity Analysis, the latter of which is in accordance with the criteria set out by the CVM Instruction No. 475/08.

VaR Internal Model – Trading Portfolio

The VaR for the 1-day horizon and the net of the tax effects of 2017 was lower than it was at the end of 2016, mainly due to the decrease of the exposure in the pre-fixed rate.

R$ million

Risk Factors	2017	2016
Fixed	9	21
IPCA (Consumer Price Index - Broad) / IGP-M (General Market Price Index)	3	-
Exchange coupon	-	-
Foreign Currencies	3	-
Sovereign/Eurobonds and Treasuries	1	3

Correlation/diversification effect	**(1)**	**(2)**
VaR at end year	**14**	**23**
VaR at mid year	24	20
VaR year low	5	9
VaR year high	101	37

Note: VaR for the 1-day horizon and net of tax effects.

VaR Internal Model – Regulatory Portfolio

Since January 2013, Bradesco has used its internal market risk models, which were used for their management, in the calculation of the regulatory capital requirement(1) for every risk factor and for all of the Organization's business. This capital is calculated on the basis of the Regulatory Portfolio, which includes the Trading Portfolio plus the Currency Exposure and in Commodities of the Banking Portfolio through the VaR Delta-Normal model. Additionally, in order to measure all of the options portfolio's risk factors, the models of historical simulation and the Delta-Gama-Vega are applied, whereby the most conservative of the two prevails. It is important to note that the value at risk is extrapolated for the regulatory horizon(2) (10-day minimum) based on the time root method. The values of VaR and Stressed VaR demonstrated below are for the horizon of ten days and are net of tax effects.

(1) In order to calculate the share of the Market Risk, the capital requirement will be the maximum between the internal model and 80% of the standard model, according to Circulars No. 3,646/13 and No. 3,674/13 of the Central Bank; and

(2) The maximum between the maintenance period (holding period) of the portfolio and 10 days, which is the regulatory minimum horizon required by the Central Bank, is adopted.

R$ million

Risk Factors	2017		2016	
	VaR	Stressed VaR	VaR	Stressed VaR
Interest Rate	38	48	70	149
Exchange Rate	8	17	13	28
Price of Goods (Commodities)	1	-	-	-
Stock Prices	2	7	-	-
Correlation/diversification effect	**36**	**-**	**(2)**	**(8)**
VaR at end year	**85**	**74**	**81**	**169**
VaR at mid year	87	107	70	179
VaR year low	25	27	39	83
VaR year high	369	237	131	248

Note: VaR for the 10-day horizon and net of tax effects.

For the purposes of the calculation of the regulatory capital requirement, in accordance with the internal model, one must take into consideration the rules described in Circular Letters No. 3,646/13 and No. 3,674/13 of the Central Bank of Brazil (Bacen), such as the use of VaR and Stressed VaR without tax purposes, of the average of the last 60 days and the multiplier.

Stress Analysis – Trading Portfolio

The Organization evaluates, also daily, the possible impact on positions in stress scenarios to a horizon of 20 working days, with a limit set in the governance process. Thus, considering the effect of diversification between the risk factors and the net amounts of tax effects, the possibility of an estimated average loss in stress outcomes would be R$169 million in 2017 (2016 - R$198 million), and the estimated maximum loss would be R$388 million (2016 - R$371 million).

R$ million

	2017	2016
At end of the year	104	338
Average in the year	169	198
Minimum in the year	53	87
Maximum in the year	388	371

Note: Amounts net of taxes.

Sensitivity analysis

The Trading Portfolio is also monitored daily by sensitivity analyses that measure the effect of market shifts 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 Instruction No.475/08.

Note that the impact of the financial exposure on the Banking Portfolio (notably interest rates and price indexes) do not necessarily represent a potential accounting loss for the Organization because a portion of loan operations, held in the Banking Portfolio, is financed by demand and/or savings deposits, which are "natural hedges" for any future variations in interest rates and, moreover, interest rate variations do not represent a material impact on the institution's result, as Loans are held to maturity. In addition, due to our strong presence in the insurance and pension plan market, Bradesco holds a large volume of assets on which price adjustments would also impact the linked technical reserves.

R$ million

Scenario 1 - shock of 1 base point on rates and 1% on market prices Scenario 2 - shock of 25% on rates and market prices Scenario 3 - shock of 50% on rates and market prices		Trading and Banking portfolios [(1)]					
		2017			2016		
		1	2	3	1	2	3
Interest Rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons.	(13)	(2,340)	(4,560)	(9)	(2,466)	(4,787)
Price indexes	Exposure subject to variations in price index coupon rates.	(1)	(56)	(108)	(9)	(1,224)	(2,264)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates.	(2)	(80)	(159)	-	(49)	(94)
Foreign Currency		(1)	(15)	(30)	(1)	(22)	(43)

	Exposure subject to exchange rate variations.						
Equities	Exposure subject to variation in stock prices.	(16)	(407)	(814)	(15)	(370)	(741)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market.	(5)	(206)	(406)	(2)	(16)	(33)
Other	Exposure not classified in other definitions.	-	-	(1)	-	-	-
Total without correlation		**(37)**	**(3,104)**	**(6,078)**	**(36)**	**(4,148)**	**(7,962)**
Total with correlation		**(27)**	**(2,678)**	**(5,232)**	**(27)**	**(3,691)**	**(7,090)**

(1) Amounts net of taxes.

The sensitivity analysis of the Trading Portfolio, which represents exposures that may have a material impact on the Organization's results, is presented below. Note that the results show the current impact for each scenario on a static portfolio position. However, the market is highly dynamic, which currently results in continuous changes in these positions but does not necessarily reflect the position shown here. Moreover, as previously mentioned, the Organization has an ongoing process of market risk management, which constantly seeks to adjust positions, in order to mitigate related risks according to the strategy determined by Senior Management. Therefore, in cases of deterioration indicators in a certain position, proactive measures are taken to minimize any potential negative impact, aimed at maximizing the risk/return ratio for the Organization.

R$ million

Scenario 1 - shock of 1 base point on rates and 1% on market prices **Scenario 2 - shock of 25% on rates and market prices** **Scenario 3 - shock of 50% on rates and market prices**		**Trading portfolio** [1]					
		2017			**2016**		
		1	**2**	**3**	**1**	**2**	**3**
Interest Rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons.	-	(61)	(120)	(1)	(293)	(568)
Price indexes	Exposure subject to variations in price index coupon rates.	-	(18)	(33)	-	(4)	(7)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates.	-	-	(1)	-	-	-
Foreign Currency	Exposure subject to exchange rate variations.						