

BANK BRADESCO
Form 6-K
March 19, 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 March, 2018
Commission File Number 1-15250**

BANCO BRADESCO S.A.
(Exact name of registrant as specified in its charter)

BANK BRADESCO
(Translation of Registrant's name into English)

**Cidade de Deus, s/n, Vila Yara
06029-900 - Osasco - SP
Federative Republic of Brazil**
(Address of principal executive office)

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

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

Yes No

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Financial Position of the Prudential Conglomerate on December 31 -In thousands of Reais

Assets	2017
Current	558,032,310
Cash and due from banks (Note 4)	14,873,276
Interbank investments (Notes 3d and 5)	153,097,317
Securities purchased under agreements to resell	144,732,820
Interbank investments	8,370,390
Allowance for losses	(5,893)
Securities and derivative financial instruments (Notes 3e, 3f and 6)	100,275,000
Own portfolio	33,101,539
Subject to repurchase agreements	44,445,387
Derivative financial instruments (Notes 3f and 6d II)	13,502,214
Given in guarantee	8,637,026
Securities under resale agreements with free movement	588,834
Interbank accounts	66,819,313
Unsettled payments and receipts	80,930
Reserve requirement (Note 7):	
- Reserve requirement - Brazilian Central Bank	66,714,226
- SFH - housing finance system	21,760
Correspondent banks	2,397
Interdepartmental accounts	262,954
Internal transfer of funds	262,954
Loans (Notes 3g and 8)	129,923,666
Loans:	
- Public sector	158,168
- Private sector	149,448,435
Loans transferred under an assignment with recourse	1,031,500
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(20,714,437)
Leasing (Notes 3g and 8)	(26,826)
Leasing operations and sublease receivables	
- Private sector	993,487
Unearned income from leasing	(936,215)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(84,098)
Other receivables	88,761,571
Receivables on sureties and guarantees honored (Note 8a-3)	128,392
Foreign exchange portfolio (Note 9a)	17,469,599
Receivables	5,230,885
Securities trading	1,399,468
Specific receivables	24,483
Sundry (Note 9b)	66,334,465
Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(1,825,721)

Other assets (Note 10)	4,046,039
Other assets	2,805,331
Provision for losses	(1,378,745)
Prepaid expenses (Notes 3i and 10b)	2,619,453
Long-term receivables	355,023,418
Interbank investments (Notes 3d and 5)	1,245,341
Interbank investments	1,245,341
Securities and derivative financial instruments (Notes 3e, 3f and 6)	141,987,702
Own portfolio	113,052,066
Subject to repurchase agreements	21,315,432
Derivative financial instruments (Notes 3f and 6d II)	679,455
Privatization rights	44,127
Given in guarantee	2,474,440
Securities under resale agreements with free movement	4,422,182
Interbank accounts	1,196,317
Unsettled payments and receipts	740
Reserve requirement (Note 7):	
- SFH - housing finance system	1,195,577
Loans (Notes 3g and 8)	157,376,898
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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Financial Position of the Prudential Conglomerate on December 31 *-In thousands of Reais*

Assets	2017
Loans:	
- Public sector	4,000,000
- Private sector	159,671,106
Loans transferred under an assignment with recourse	7,424,110
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(13,718,318)
Leasing (Notes 3g and 8)	(62,404)
Leasing receivables:	
- Private sector	1,210,134
Unearned income from leasing	(1,209,824)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(62,714)
Other receivables	52,561,358
Receivables	2,189
Securities trading	257,297
Sundry (Note 9b)	52,314,491
Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(12,619)
Other assets (Note 10)	718,206
Prepaid expenses (Notes 3i and 10b)	718,206
Permanent assets	74,531,257
Investments (Notes 3j and 11)	53,295,293
Earnings of Associates and Subsidiaries:	
- In Brazil	52,962,795
- Overseas	288,067
Other investments	175,686
Allowance for losses	(131,255)
Premises and equipment (Notes 3k and 12)	4,547,187
Premises	543,399
Other premises and equipment	9,257,290
Accumulated depreciation	(5,253,502)
Leased premises and equipment (Note 12)	3,876,128
Leased Assets	6,362,591
Accumulated depreciation	(2,486,463)
Intangible assets (Notes 3l and 13)	12,812,649
Intangible Assets	25,162,805
Accumulated amortization	(12,350,156)
Total	987,586,985

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

December 2017

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Financial Position of the Prudential Conglomerate on December 31 *-In thousands of Reais*

Liabilities	2017
Current	619,024,457
Deposits (Notes 3n and 14a)	168,495,555
Demand deposits	34,317,789
Savings deposits	103,332,697
Interbank deposits	1,698,981
Time deposits (Note 14a)	29,146,088
Securities sold under agreements to repurchase (Notes 3n and 14b)	242,437,351
Own portfolio	105,367,187
Third-party portfolio	128,356,541
Unrestricted portfolio	8,713,623
Funds from issuance of securities (Note 14c)	82,709,188
Mortgage and real estate notes, letters of credit and others	81,561,359
Securities issued overseas	970,705
Structured Operations Certificates	177,124
Interbank accounts	20,904,697
Unsettled payments and receipts	19,546,537
Correspondent banks	1,358,160
Interdepartmental accounts	5,855,275
Third-party funds in transit	5,855,275
Borrowing (Note 15a)	17,279,622
Borrowing overseas	17,279,622
On-lending in Brazil - official institutions (Note 15b)	11,052,779
National treasury	97,200
BNDES	5,039,056
FINAME	5,915,013
Other institutions	1,510
Derivative financial instruments (Notes 3f and 6d II)	13,657,362
Derivative financial instruments	13,657,362
Other liabilities	56,632,628
Payment of taxes and other contributions	1,003,974
Foreign exchange portfolio (Note 9a)	7,654,624
Social and statutory	4,444,353
Tax and social security (Note 18a)	1,863,868
Securities trading	2,274,148
Financial and development funds	1,299
Subordinated debts (Note 17)	10,821,546
Sundry (Note 18b)	28,568,816
Long-term liabilities	257,699,337
Deposits (Notes 3n and 14a)	98,186,971

Interbank deposits	469,750
Time deposits (Note 14a)	97,717,221
Securities sold under agreements to repurchase (Notes 3n and 14b)	6,120,732
Own portfolio	6,120,732
Funds from issuance of securities (Note 14c)	64,655,367
Mortgage and real estate notes, letters of credit and others	62,335,983
Securities issued overseas	2,128,023
Structured Operations Certificates	191,361
Borrowing (Note 15a)	1,240,945
Borrowing overseas	1,240,945
On-lending in Brazil - official institutions (Note 15b)	19,716,515
BNDES	8,753,797
FINAME	10,962,718
Derivative financial instruments (Notes 3f and 6d II)	439,897
Derivative financial instruments	439,897
Other liabilities	67,338,910
Tax and social security (Note 18a)	3,104,514
Subordinated debts (Note 17)	16,241,102
Eligible Debt Capital Instruments (Note 17)	23,129,838
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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Financial Position of the Prudential Conglomerate on December 31 *-In thousands of Reais*

Liabilities	2017
Sundry (Note 18b)	24,863,456
Deferred income	387,587
Deferred income	387,587
Non-controlling interests in subsidiaries (Note 19)	18,128
Shareholders' equity (Note 20)	110,457,476
Capital:	
- Domiciled in Brazil	58,361,598
- Domiciled overseas	738,402
Capital reserves	11,441
Profit reserves	49,902,013
Asset valuation adjustments	1,884,536
Treasury shares (Note 20d)	(440,514)
Total	987,586,985

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

December 2017

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Income of the Prudential Conglomerate on December 31 -in thousands of Reais

	2017	
	2nd semester	Year ended
Revenue from financial intermediation	58,945,439	124,909,956
Loans (Note 8j)	35,080,018	72,730,163
Leasing (Note 8j)	876,295	1,871,316
Operations with securities (Note 6g)	18,850,349	41,481,779
Income from derivative financial instruments (Note 6g)	1,080,175	1,893,815
Foreign exchange operations (Note 9a)	1,090,037	2,287,568
Reserve requirement (Note 7b)	2,252,015	4,935,462
Sale or transfer of financial assets	(283,450)	(290,147)
Expenses from financial intermediation	39,607,393	90,355,961
Retail and professional market funding (Note 14d)	26,881,833	59,152,502
Borrowing and on-lending (Note 15c)	1,686,399	4,523,807
Leasing (Note 8j)	750,334	1,600,669
Allowance for loan losses (Notes 3g, 8g and 8h)	10,288,827	25,078,983
Gross income from financial intermediation	19,338,046	34,553,995
Other operating income (expenses)	(12,546,064)	(19,317,416)
Fee and commission income (Note 21)	12,386,659	24,040,649
Other fee and commission income	8,472,047	16,407,948
Income from banking fees	3,914,612	7,632,701
Payroll and related benefits (Note 22)	(10,546,351)	(19,275,625)
Other administrative expenses (Note 23)	(11,106,761)	(21,675,359)
Tax expenses (Note 24)	(2,509,702)	(4,829,965)
Equity in the earnings (losses) of unconsolidated and jointly controlled companies (Note 11)	3,557,265	7,032,591
Other operating income (Note 25)	2,677,449	8,857,244
Other operating expenses (Note 26)	(7,004,623)	(13,466,951)
Operating income	6,791,982	15,236,579
Non-operating income (loss) (Note 27)	(414,824)	(706,063)
Income before income tax and social contribution and non-controlling interests	6,377,158	14,530,516
Income tax and social contribution (Notes 31a and 31b)	298,892	129,068
Non-controlling interests in subsidiaries	(465)	(1,829)
Net income	6,675,585	14,657,755

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

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Changes in Shareholders' Equity – In thousands of Reais

Events	Capital Paid in Capital	Capital reserves Share premium	Profit reserves		Asset valuation adjustments	Treasury shares	Retained earnings	Total
			Legal	Statutory				
Balance on June 30, 2017	59,100,000	11,441	17,206,237	40,414,377	515,972	(440,514)		- 106,807,513
Asset valuation adjustments	-	-	-	-	1,368,564	-	-	1,368,564
Net income	-	-	-	-	-	-	6,675,585	6,675,585
Allocations:								
- Reserves	-	-	333,779	1,947,620	-	-	(2,281,399)	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	(4,394,186)	(4,394,186)
Balance on December 31, 2017	59,100,000	11,441	17,540,016	42,361,997	1,884,536	(440,514)		- 110,457,476
Balance on January 1st, 2017	51,100,000	11,441	16,807,128	43,641,474	(677,116)	(440,514)		- 100,442,413
Capital increase with reserves	8,000,000	-	-	(8,000,000)	-	-	-	-
Asset valuation adjustments	-	-	-	-	2,561,652	-	-	2,561,652
Net income	-	-	-	-	-	-	14,657,755	14,657,755
Allocations:								
- Reserves	-	-	732,888	6,720,523	-	-	(7,453,411)	-
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	-	-	(7,204,344)	(7,204,344)
Balance on December 31, 2017	59,100,000	11,441	17,540,016	42,361,997	1,884,536	(440,514)		- 110,457,476

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

December 2017

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Added Value of the Prudential Conglomerate on December 31 -In thousands of Reais

Description	2nd semester	%	2017	%
1 – Revenue	56,307,589	137.6	118,568,484	289.7
1.1) Financial intermediation	58,945,439	144.0	124,909,956	305.2
1.2) Fees and commissions	12,386,659	30.3	24,040,649	58.7
1.3) Allowance for loan losses	(10,288,827)	(25.1)	(25,078,983)	(61.3)
1.4) Others (Includes private social investments (Note 32b))	(4,735,682)	(11.6)	(5,303,138)	(13.0)
2 – Financial intermediation expenses	(29,318,566)	(71.6)	(65,276,978)	(159.5)
3 – Inputs acquired from third-parties	(7,360,129)	(18.0)	(14,221,890)	(34.7)
Outsourced services	(2,153,690)	(5.3)	(4,235,258)	(10.3)
Data processing	(1,120,780)	(2.7)	(2,157,372)	(5.3)
Communication	(799,401)	(2.0)	(1,578,468)	(3.9)
Asset maintenance	(594,436)	(1.5)	(1,148,790)	(2.8)
Financial system services	(497,867)	(1.2)	(1,004,376)	(2.5)
Security and surveillance	(401,358)	(1.0)	(818,221)	(2.0)
Transport	(393,885)	(1.0)	(769,728)	(1.9)
Material, water, electricity and gas	(301,198)	(0.7)	(625,709)	(1.5)
Advertising and marketing	(516,381)	(1.3)	(804,905)	(2.0)
Travel	(109,290)	(0.3)	(194,234)	(0.5)
Others (Includes private social investments (Note 32b))	(471,843)	(1.2)	(884,829)	(2.2)
4 – Gross value added (1-2-3)	19,628,894	48.0	39,069,616	95.5
5 – Depreciation and amortization	(2,632,649)	(6.4)	(5,171,507)	(12.6)
6 – Net value added produced by the entity (4-5)	16,996,245	41.5	33,898,109	82.8
7 – Value added received through transfer	3,557,265	8.7	7,032,591	17.2
Equity in the earnings (losses) of unconsolidated and jointly controlled companies	3,557,265	8.7	7,032,591	17.2
8 – Value added to distribute (6+7)	20,553,510	50.2	40,930,700	100.0
9 – Value added distributed	20,553,510	50.2	40,930,700	100.0
9.1) Personnel	9,507,318	23.2	17,194,644	42.0
Salaries	4,457,955	10.9	8,489,938	20.7
Benefits	2,915,581	7.1	4,923,102	12.0
Government Severance Indemnity Fund for Employees (FGTS)	759,660	1.9	1,207,056	2.9
Other	1,374,122	3.4	2,574,548	6.3
9.2) Tax, fees and contributions	3,249,843	7.9	6,781,878	16.6
Federal	2,796,603	6.8	5,921,328	14.5
State	5,629	-	10,768	-
Municipal	447,611	1.1	849,782	2.1
9.3) Remuneration for providers of capital	1,120,299	2.7	2,294,594	5.6
Rental	812,543	2.0	1,637,849	4.0
Asset leasing	307,756	0.8	656,745	1.6
9.4) Value distributed to shareholders	6,676,050	16.3	14,659,584	35.8

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Interest on Shareholders' Equity Dividends paid and/or provisioned	4,394,186	10.7	7,204,344	17.6
Retained earnings	2,281,399	5.6	7,453,411	18.2
Non-controlling interests in retained earnings	465	-	1,829	-

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

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Statement of Cash Flow of the Prudential Conglomerate on December 31 -in thousands of Reais

	2017	
	2nd semester	Year ended
Cash flow from operating activities:		
Income before income tax and social contribution and non-controlling interests	6,377,158	14,530,516
Adjustments to net income before income tax and social contribution	12,641,775	28,774,055
Effect of Changes in Exchange Rates in Cash and Cash equivalents	(451,917)	(801,320)
Allowance for loan losses	10,288,827	25,078,983
Depreciation and amortization	2,632,649	5,171,507
Impairment losses of assets	1,764,443	2,597,726
Expenses/ reversal with civil, labor and tax provisions	1,197,475	2,339,705
Share of profit (loss) of unconsolidated and jointly controlled companies	(3,557,265)	(7,032,591)
(Gain)/loss on sale of fixed assets	42,163	58,603
(Gain)/loss on sale of foreclosed assets	332,403	578,985
Foreign exchange variation of assets and liabilities overseas/Other	392,997	782,457
Net income before taxes after adjustments	19,018,933	43,304,571
(Increase)/Decrease in interbank investments	(4,534,587)	(2,669,175)
(Increase)/Decrease in trading securities and derivative financial instruments	5,832,764	2,884,798
(Increase)/Decrease in interbank and interdepartmental accounts	21,219,399	19,076,892
(Increase)/Decrease in loans and leasing	(2,025,871)	(3,317,016)
(Increase)/Decrease in other receivables and other assets	(8,067,391)	(11,220,492)
(Increase)/Decrease in reserve requirement - Central Bank	758,031	(8,677,695)
Increase/(Decrease) in deposits	4,995,951	31,210,877
Increase/(Decrease) in securities sold under agreements to repurchase	(7,912,460)	(9,182,363)
Increase/(Decrease) in funds from issuance of securities	3,730,312	(14,849,031)
Increase/(Decrease) in borrowings and on-lending	(7,252,525)	(8,910,300)
Increase/(Decrease) in other liabilities	(15,276,936)	(14,719,956)
Increase/(Decrease) in deferred income	(18,980)	(64,499)
Income tax and social contribution paid	(2,075,968)	(4,867,351)
Net cash provided by/(used in) operating activities	8,390,672	17,999,260
Cash flow from investing activities:		
Maturity of and interest on held-to-maturity securities	552,955	1,716,924
Sale of/maturity of and interest on available-for-sale securities	19,509,848	77,021,457
Proceeds from sale of foreclosed assets	465,044	798,171
Sale of premises and equipment	132,527	891,316
Purchases of available-for-sale securities	(45,956,274)	(104,967,939)

Purchases of held-to-maturity securities	(33,798)	(33,798)
Investment acquisitions	(3,245,240)	(5,246,640)
Purchase of premises and equipment	(839,505)	(1,630,375)
Intangible asset acquisitions	(1,205,836)	(1,966,793)
Dividends and interest on shareholders' equity received	3,297,520	3,506,941
Net cash provided by/(used in) investing activities	(27,322,759)	(29,910,736)
Cash flow from financing activities:		
Increase of Subordinated Debts	78,764	6,594,610
Maturity and Interest in Subordinated Debt	(5,802,940)	(14,306,600)
Interest on Shareholders' Equity Paid	(1,677,197)	(6,397,874)
Non-controlling interest	(51)	(364)
Net cash provided by/(used in) financing activities	(7,401,424)	(14,110,228)
Net increase/(decrease) in cash and cash equivalents	(26,333,511)	(26,021,704)
Cash and cash equivalents - at the beginning of the period	181,780,587	181,119,377
Effect of Changes in Exchange Rates in Cash and Cash equivalents	451,917	801,320
Cash and cash equivalents - at the end of the period	155,898,993	155,898,993
Net increase/(decrease) in cash and cash equivalents	(26,333,511)	(26,021,704)

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

December 2017

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

Notes to Financial Statements of the Prudential Conglomerate are as follows:

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

1) OPERATIONS

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

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The Financial Statements of the Prudential Conglomerate were prepared to comply with the requirements of Resolution No. 4,280/13 of the National Monetary Council (CMN) and additional rules of the Brazilian Central Bank (Bacen). Thus, specific requirements were applied when consolidating the financial statements of Bradesco, its foreign branches, subsidiaries and investment funds, as requested by Resolution No. 4,280/13. These requirements are not necessarily the same as those established by corporate law.

For the preparation of these consolidated financial statements, equity interests, balances of balance sheet accounts, revenues, expenses and unrealized gains were eliminated and net income and shareholders' equity attributable to the non-controlling shareholders were accounted for in a separate line. Investments in companies in which shareholding control is shared with other shareholders are accounted for using the equity method. Goodwill on acquisitions of investments in subsidiaries / affiliates and jointly controlled companies is presented in investments and intangible assets (Note 13a).

In compliance with CMN Resolution No. 4,517/16, which amended Article 5 of Resolution No. 4,280/13, as from January 1, 2017, equity interests in jointly-owned subsidiaries are now valued using the equity method and no longer through proportional consolidation. In addition, this same article dispenses with the presentation of comparative information for institutions that had a change in accounting policy due to this

topic. Accordingly, the consolidated financial statements of the Prudential Conglomerate are not being presented in a comparative manner with the previous period as permitted by said standard.

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

Bradesco's financial statements of the Prudential Conglomerate were approved by the Board of Executive Officers on March 15, 2018.

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

	Activity	On December 31 Equity interest 2017
Financial Institutions		
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%
Banco Alvorada S.A.	Banking	99.99%
Banco Bradescard S.A.	Cards	100.00%
Banco Bradesco Argentina S.A.	Banking	99.99%
Banco Bradesco BBI S.A.	Investment bank	99.85%
Banco Bradesco BERJ S.A.	Banking	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%
Banco Bradesco Europa S.A.	Banking	100.00%
Banco Bradesco Financiamentos S.A.	Banking	100.00%
Banco Bradesco S.A. New York Branch	Banking	100.00%
Banco Bradesco S.A. Grand Cayman Branch (1)	Banking	100.00%
Banco Losango S.A.	Banking	100.00%
Bradesco Kirton Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	99.97%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%
Bradesco Securities Hong Kong	Brokerage	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%
Bradesco Securities, UK.	Brokerage	100.00%
Bradescard México, Sociedad de Responsabilidad Limitada	Cards	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%
BEC - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%
BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%

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BMC Asset Management - DTVM Ltda.	Asset management	100.00%
Cidade Capital Markets Limited	Banking	100.00%
Kirton Bank Brasil S.A.	Banking	100.00%
Nova Marília Administração de Bens Móveis e Imóveis Ltda.	Asset management	100.00%
Serel Participações em Imóveis S.A.	Asset management	100.00%
Consortium Management		
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%
Payment Institutions		
Alvorada Administradora de Cartões Ltda.	Services	100.00%
Bankpar Consultoria e Serviços Ltda.	Services	100.00%
BCN - Consultoria, Adm. Bens, Serv. e Publicidade Ltda.	Services	100.00%
Tempo Serviços Ltda.	Services	100.00%
Securitization Companies		
Alvorada Cia. Securitizadora de Créditos Financeiros	Credit acquisition	100.00%
Alvorada Serviços e Negócios Ltda.	Credit acquisition	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%
Investment Funds (2)		
Alpha FI Mult. Cred. Priv. Inv. no Exterior	Investment Fund	100.00%
Bradesco F.I.C.F.I. R.F. DI Galáxia	Investment Fund	100.00%
Bradesco FI Mult. Cred. Priv. Inv. Exterior Andromeda	Investment Fund	100.00%
Bradesco FI Mult. Cred. Priv. Inv. Exterior Pioneiro	Investment Fund	100.00%
Bradesco FI Referenciado DI Performance	Investment Fund	100.00%
Bradesco FI Referenciado DI União	Investment Fund	99.92%
FI Mult. Cred. Priv. IE Bradesco Bit	Investment Fund	100.00%
FIP Multiestratégia Multisetorail Plus IE	Investment Fund	100.00%
FI Referenciado DI GJ	Investment Fund	100.00%
FII - FI RF Cred. Privado	Investment Fund	100.00%

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Notes to the Financial Statements of the Prudential Conglomerate

- (1) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company is part of a structure set up for the securitization of the future flow of payment orders received overseas; and
- (2) The investment funds in which Bradesco assumes or substantially retains the risks and benefits were consolidated.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

3) SIGNIFICANT ACCOUNTING PRACTICES

a) Functional and presentation currencies

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

b) Income and expense recognition

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

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

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

c) Cash and cash equivalents

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

Cash and cash equivalents detailed balances are presented in Note 4.

d) Interbank investments

Unrestricted repurchase and reverse repurchase agreements are stated at their fair value. All other interbank investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 5.

e) Securities – Classification

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

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

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Notes to the Financial Statements of the Prudential Conglomerate

Classification, breakdown and segmentation of securities are presented in Note 6.

f) Derivative financial instruments (assets and liabilities)

Derivative instruments are classified based on the objective for which the underlying instrument was acquired at the date of purchase, taking into consideration its use for possible hedging purposes.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage overall exposure, as well as to meet customer requests to manage their positions. The gains or losses are recognized in the statement of income or shareholders' equity.

Derivative financial instruments used to mitigate risk deriving from exposure to variations in the fair value of financial assets and liabilities are designated as hedges when they meet the criteria for hedge accounting and are classified according to their nature:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the Statement of Income; and
- Cash flow hedge: the effective portion of valuation or devaluation of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the Statement of Income.

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and off-balance-sheet accounts, is disclosed in Note 6.

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

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2,682/99, which requires risk ratings to have nine levels, from “AA” (minimum risk) to “H” (maximum risk); and (ii) Management’s assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the days-past-due is also considered in the rating of customer risk as per CMN Resolution No. 2,682/99, as follows:

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

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

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

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

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

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

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

Type, values, terms, levels of risk, concentration, economic sector of client's activity, renegotiation and income from loans, as well as the breakdown of expenses and statement of financial position accounts for the allowance for loan losses are presented in Note 8.

Leasing

The portfolio of leasing operations consists of contracts firmed with the support of Decree No. 140/84, of the Ministry of Finance, which contains clauses of: (a) non-cancellation; (b) purchase option; and (c) post-fixed or fixed restatement and are accounted for in accordance with the standards established by Bacen, as follows:

I- Leases receivable

Reflect the balance of installments receivable, restated according to the indexes and criteria established by contractual agreement.

II- Unearned income from leasing and Guaranteed Residual Value (GRV)

Recorded at the contractual amount, conversely to adjusted accounts of unearned revenues from leasing and Residual value to balance, both submitted through negotiated conditions. The GRV received in advance is recorded in Other Liabilities – Creditors by Anticipation of the Residual Value until the date of contractual termination. The adjustment at present value of the lease payments and the GRV receivable from the financial leasing operations is recognized as excessive/insufficient depreciation on leased assets, in order to reconcile the accounting practices. In operations whose delays are equal to or greater than 60 days, the appropriation to the result occurs upon receipt of contractual installments, in accordance with CMN Resolution No. 2,682/99.

III- Leased fixed assets

It is recorded at acquisition cost, minus the accrued depreciations. The depreciation is calculated using the linear method, with the benefit of a 30% reduction in the normal life cycle of the asset, provisioned in the current legislation. The main annual rates of depreciation used, as base for this reduction, are the following: vehicles and the like, 20%; furniture and utensils, 10%; machinery and equipment, 10%; and other assets, 10% and 20%.

IV- Losses on leases

The losses recorded in the sale of leased assets are deferred and amortized over the remaining normal life cycle of assets, and are shown along with the Leased Fixed Assets (Note 8k).

V- Excessive (insufficient) depreciation

The accounting records of leasing operations are maintained as legal requirements, specific for this type of operation. The procedures adopted and summarized in items "II" to "IV" above differ from the accounting practices provisioned in Brazilian corporate law, especially concerning the regime of competence in the record of revenues and expenses related to lease contracts. As a result, in accordance with Bacen Circular No. 1,429/89, the present value of outstanding leasing installments was calculated, using the internal rate of return of each contract, recording a leasing revenue or expenditure, conversely to the entries of excessive or insufficient depreciation, respectively, recorded in Permanent Assets, with the objective of adapting the leasing operations to the regime of competence (Note 8k).

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Notes to the Financial Statements of the Prudential Conglomerate

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

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

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

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

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

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

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecognized deferred tax assets, is presented in Note 31.

i) Prepaid expenses

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

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

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

Prepaid expenses are shown in detail in Note 10b.

j) Investments

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

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Notes to the Financial Statements of the Prudential Conglomerate

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

Subsidiaries are consolidated – the composition of the main companies are disclosed in Note 2. The composition of unconsolidated and jointly controlled companies, as well as other investments, are disclosed in Note 11.

k) Premises and equipment

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

Premises and equipment are stated at acquisition cost, net of accumulated depreciation, calculated by the straight-line method based on the assets' estimated economic useful life, using the following rates: real estate – 4% per annum; installations, furniture, equipment for use, security systems and communications – 10% per annum; transport systems – 10% to 20% per annum; and data processing systems – 20% to 40% per annum, and adjusted for impairment, when applicable.

The breakdown of asset costs and their corresponding depreciation, as well as the unrecognized surplus value for real estate and the fixed asset ratios, are disclosed in Note 12.

l) Intangible assets

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

Intangible assets comprise:

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

Intangible assets and the movement in these balances by class are presented in Note 13.

m) Impairment

Financial and non-financial assets are tested for impairment.

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

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are presented in Notes 6.

n) Securities sold under agreements to repurchase

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

A breakdown of the contracts recognized in deposits and securities sold under agreements to repurchase, as well as terms and amounts recognized in the statement of financial position and statement of income, is presented in Note 14.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

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

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

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

Details on lawsuits, as well as segregation and changes in amounts recognized, by type, are presented in Note 16.

p) Other assets and liabilities

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

q) Subsequent events

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

They comprise the following:

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

Subsequent events, if any, are described in Note 32.

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Notes to the Financial Statements of the Prudential Conglomerate**4) CASH AND CASH EQUIVALENTS**

	On December 31 - R\$ thousand 2017
Cash and due from banks in domestic currency	12,858,488
Cash and due from banks in foreign currency	2,014,413
Investments in gold	375
Total cash and due from banks	14,873,276
Interbank investments (1)	141,025,717
Total cash and cash equivalents	155,898,993

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

5) INTERBANK INVESTMENTS**a) Breakdown and maturity**

	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31 - R\$ thousand 2017
Securities purchased under agreements to resell:					
Own portfolio position	2,776,432	10,104,097	-	-	12,880,529

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Financial treasury bills	605,335	-	-	-	605,335
National treasury notes	-	10,104,097	-	-	10,104,097
National treasury bills	2,133,622	-	-	-	2,133,622
Other	37,475	-	-	-	37,475
Funded position	25,686,419	102,607,458	-	-	128,293,877
National treasury notes	4,368,386	57,323,386	-	-	61,691,772
Financial treasury bills	27,578	21,709,364	-	-	21,736,942
National treasury bills	21,290,455	23,574,708	-	-	44,865,163
Short position	1,870,472	1,687,942	-	-	3,558,414
National treasury bills	1,870,472	1,687,942	-	-	3,558,414
Subtotal	30,333,323	114,399,497	-	-	144,732,820
Interest-earning deposits in other banks:					
Interest-earning deposits in other banks:	3,619,335	1,485,420	3,265,635	1,245,341	9,615,731
Provision for losses	(292)	(2,232)	(3,369)	-	(5,893)
Subtotal	3,619,043	1,483,188	3,262,266	1,245,341	9,609,838
Total in 2017	33,952,366	115,882,685	3,262,266	1,245,341	154,342,658
%	22.0	75.1	2.1	0.8	100.0

b) Income from interbank investments

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

	Year ended December 31 - R\$ thousand	
	2017	
Income from investments in purchase and sale commitments:		
• Own portfolio position		1,064,822
• Funded position		16,016,339
• Short position		747,625
Subtotal		17,828,786
Income from interest-earning deposits in other banks		527,887
Total (Note 6g)		18,356,673

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate**6) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

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

	On December 31 - R\$ thousand	
	2017	%
Trading securities	48,217,917	19.9
- Government securities	24,116,495	9.9
- Corporate securities	9,919,753	4.1
- Derivative financial instruments (1) (5)	14,181,669	5.9
Available-for-sale securities	181,767,575	75.0
- Government securities	126,630,718	52.3
- Corporate securities	55,136,857	22.7
Held-to-maturity securities (2)	12,277,210	5.1
- Government securities	17,645	-
- Corporate securities	12,259,565	5.1
Total	242,262,702	100.0
- Government securities	150,764,858	62.2
- Corporate securities	91,497,844	37.8
Total	242,262,702	100.0

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

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

On December 31 - R\$ thousand

Securities	2017				Fair/book value (3) (4)	Amortized cost	Fair Value Adjustment
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days			
Financial treasury bills	-	1,760,422	467,292	12,824,765	15,052,479	15,050,861	1,618
National treasury notes	5,806	-	190,797	7,438,449	7,635,052	7,384,202	250,850
Financial bills	33,171	159,712	142,841	463,899	799,623	798,414	1,209
Debentures	19,678	-	99,911	1,880,196	1,999,785	2,173,550	(173,765)
National treasury bills	50,618	13,601	203,559	807,064	1,074,842	1,070,386	4,456
Derivative financial instruments (1) (5)	484,613	625,319	400,698	12,671,039	14,181,669	18,972,584	(4,790,915)
Other	3,587,728	2,444,360	165,030	1,277,349	7,474,467	7,502,134	(27,667)
Total	4,181,614	5,003,414	1,670,128	37,362,761	48,217,917	52,952,131	(4,734,214)
Derivative financial instruments (liabilities) (5)	(13,374,646)	(201,643)	(81,073)	(439,897)	(14,097,259)	(10,302,419)	(3,794,840)

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate**II) Available-for-sale securities**

Securities (6)	On December 31 - R\$ thousand						
	2017						
	1 to 30	31 to 180	181 to 360	More than	Fair/book	Amortized	Fair Value
	days	days	days	360	value (3)	cost	Adjustment
	days	days	days	days	(4)		
National treasury bills	59,984	19,374,319	17,455,267	72,661,189	109,550,759	107,211,842	2,338,917
Debentures	419,874	1,365,144	881,362	32,322,618	34,988,998	35,632,634	(643,636)
National treasury notes	730	-	1,921,630	8,155,206	10,077,566	9,691,311	386,255
Foreign corporate securities	189,383	616,712	541,010	8,687,130	10,034,235	9,887,009	147,226
Shares	7,328,787	-	-	-	7,328,787	8,177,414	(848,627)
Certificates of real estate receivables	-	-	-	1,041,845	1,041,845	1,064,357	(22,512)
Brazilian foreign debt notes	17,893	-	-	1,423,789	1,441,682	1,386,103	55,579
Financial treasury bills	4,261	105,376	10,343	2,193,403	2,313,383	2,312,513	870
Other	1,584,776	2,113,182	1,037,829	254,533	4,990,320	4,976,025	14,295
Subtotal	9,605,688	23,574,733	21,847,441	126,739,713	181,767,575	180,339,208	1,428,367
Hedge - cash flow (Note 6f)	-	-	-	-	-	-	(103,723)
Securities reclassified to "Held-to-maturity securities"	-	-	-	-	-	-	(366,102)
Total	9,605,688	23,574,733	21,847,441	126,739,713	181,767,575	180,339,208	958,542

III) Held-to-maturity securities

Securities (2) (6)	On December 31 - R\$ thousand						
	2017						
	1 to 30	31 to 180	181 to 360	More than 360	Amortized	Fair value	Gain (loss) not
					cost (3)	(4)	

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	days	days	days	days		accounted for	
Certificates of real estate receivables	-	1,292	174	12,258,099	12,259,565	11,963,782	(295,783)
Other	7,753	1,162	1,164	7,566	17,645	17,225	(420)
Total	7,753	2,454	1,338	12,265,665	12,277,210	11,981,007	(296,203)
							<u>Bradesco</u>

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

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

Securities	On December 31 - R\$ thousand					2017 (3) (4)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		
Own portfolio	13,216,229	10,722,705	20,414,108	101,800,563		146,153,605
Fixed income securities	5,045,176	10,722,705	20,414,108	101,800,563		137,982,552
National treasury notes	5,945	1,162	186,585	8,369,452		8,563,144
Financial treasury bills	4,261	1,367,000	331,275	12,340,721		14,043,257
National treasury bills	110,603	3,262,984	17,567,324	26,789,340		47,730,251
Debentures	439,552	1,365,143	981,273	34,202,814		36,988,782
Financial bills	33,171	159,712	142,841	463,899		799,623
Certificates of real estate receivables	-	1,292	174	13,403,451		13,404,917
Foreign corporate securities	972,772	53,536	118,353	4,460,143		5,604,804
Brazilian foreign debt securities	13,720	-	-	722,328		736,048
Bank deposit certificates	331,084	10	-	961		332,055
Other	3,134,068	4,511,866	1,086,283	1,047,454		9,779,671
Equity securities	8,171,053	-	-	-		8,171,053
Shares of listed companies	8,171,053	-	-	-		8,171,053
Restricted securities	94,213	16,937,310	2,704,101	57,180,788		76,916,412
Subject to repurchase agreements	83,181	13,911,842	2,538,226	49,227,570		65,760,819
National treasury bills	-	13,302,982	76,977	42,833,242		56,213,201
Foreign corporate securities	71,389	608,843	539,232	4,509,893		5,729,357
National treasury notes	-	-	1,922,002	894,748		2,816,750
Financial treasury bills	-	17	15	287,924		287,956
Other	11,792	-	-	701,763		713,555
Privatization rights	-	-	-	44,127		44,127
Guarantees provided	11,032	3,025,468	165,875	7,909,091		11,111,466
National treasury notes	730	-	5,004	4,060,400		4,066,134
National treasury bills	-	2,526,687	14,525	1,405,771		3,946,983
Financial treasury bills	-	498,781	146,346	2,390,294		3,035,421
Other	10,302	-	-	52,626		62,928
Derivative financial instruments (1) (5)	484,613	625,319	400,698	12,671,039		14,181,669
Securities subject to unrestricted repurchase agreements	-	295,267	-	4,715,749		5,011,016
National treasury bills	-	295,267	-	2,439,898		2,735,165
National treasury notes	-	-	-	2,273,706		2,273,706
Financial treasury bills	-	-	-	2,145		2,145

Total	13,795,055	28,580,601	23,518,907	176,368,139	242,262,702
%	5.7	11.8	9.7	72.8	100.0
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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

- (1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the securities, we are classifying the derivative financial instruments, except those considered as cash flow hedges in the category Trading Securities;
- (2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. There were no sales or reclassifications of securities classified in this category in 2017;
- (3) The number of days to maturity was based on the contractual maturity of the instruments, regardless of their accounting classification;
- (4) The fair value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. For investment funds, the original amortized cost reflects the fair value of the respective quotas;
- (5) Includes hedge for protection of assets and liabilities, denominated in or indexed to foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities. For a better analysis of these items, consider the net exposure (Note 6d II); and
- (6) Includes, there were Impairment losses of financial assets, related to securities classified in the categories "Available-for-Sale Securities" in the amount of R\$ 2,462,658 thousand and "Held-to-Maturity Securities" in the amount of R\$ 54,520 thousand.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

d) Derivative financial instruments

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

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

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

Derivative financial instruments in Brazil mainly refer to swaps and futures and are registered at B3.

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

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

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Notes to the Financial Statements of the Prudential Conglomerate**l) Amount of derivative financial instruments recognized in off-balance-sheet accounts**

	On December 31 - R\$ thousand 2017	
	Reference value	Net amount
Futures contracts		
Purchase commitments:	127,891,433	-
- Interbank market	79,771,752	24,366,908
- Foreign currency	47,956,458	-
- Other	163,223	49,452
Sale commitments:	122,185,585	-
- Interbank market (1)	55,404,844	-
- Foreign currency (2)	66,666,970	18,710,512
- Other	113,771	-
Option contracts		
Purchase commitments:	9,175,002	-
- Interbank market	1,425,013	429,323
- Foreign currency	7,306,564	-
- Other	443,425	215,284
Sale commitments:	11,477,775	-
- Interbank market	995,690	-
- Foreign currency	10,253,944	2,947,380
- Other	228,141	-
Forward contracts		
Purchase commitments:	10,486,497	-
- Foreign currency	10,372,477	-
- Other	114,020	-
Sale commitments:	15,582,794	-
- Foreign currency	14,947,271	4,574,794
- Other	635,523	521,503
Swap contracts		
Assets (long position):	62,796,097	-
- Interbank market	6,286,693	3,427,373
- Fixed rate	48,791,015	23,275,888
- Foreign currency	6,161,641	-
- IGPM	652,450	-

- Other	904,298	-
Liabilities (short position):	45,733,215	-
- Interbank market	2,859,320	-
- Fixed rate	25,515,127	-
- Foreign currency (2)	14,288,568	8,126,927
- IGPM	728,000	75,550
- Other	2,342,200	1,437,902

Derivatives include operations maturing in D+1.

(1) Includes: (i) cash flow hedges to protect DI-related funding totaling R\$6,769,979 thousand; and (ii) hedge of cash flow for the protection of the applications referenced to the DI, in the amount of R \$ 16,030,487 thousand (Note 6f); and

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments, totaling R\$ 49,543,254 thousand.

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

	On December 31 - R\$ thousand 2017		
	Original amortized cost	Mark-to-market adjustment	Fair value
Adjustment receivable - swaps (1)	17,199,754	(4,795,270)	12,404,484
Adjustment receivable - future	817	-	817
Receivable forward purchases	163,775	-	163,775
Receivable forward sales	552,231	-	552,231
Premiums on exercisable options	1,056,007	4,355	1,060,362
Total assets (A)	18,972,584	(4,790,915)	14,181,669
Adjustment payables - swaps	(8,805,334)	(3,841,176)	(12,646,510)
Adjustment payables - future	(903)	-	(903)
Payable forward purchases	(278,607)	-	(278,607)
Payable forward sales/other	(227,526)	-	(227,526)
Premiums on written options	(990,049)	46,336	(943,713)
Total liabilities (B)	(10,302,419)	(3,794,840)	(14,097,259)
Net Effect (A-B)	8,670,165	(8,585,755)	84,410

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

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

	On December 31 - R\$ thousand				
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	2017
Futures contracts (1)	128,786,786	25,224,713	16,784,014	79,281,505	250,077,018
Option contracts	6,699,749	2,352,509	3,425,428	8,175,091	20,652,777

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Forward contracts	16,013,301	5,457,121	3,338,351	1,260,518	26,069,291
Swap contracts (1)	4,788,562	6,715,483	7,282,771	89,742,496	108,529,312
Total in 2017	156,288,398	39,749,826	30,830,564	178,459,610	405,328,398

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

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

	On December 31 - R\$ thousand 2017
Government securities	
National treasury notes	4,555,551
National treasury bills	2,401,816
Total	6,957,367

V) Revenues and expenses, net

	Year ended December 31 - R\$ thousand 2017
Swap contracts (1)	85,043
Forward contracts	(193,436)
Option contracts	(231,423)
Futures contracts (1)	2,233,631
Total (Note 6g)	1,893,815

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

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

	On December 31 - R\$ thousand 2017
B3 (stock exchange)	225,585,190
B3 (over-the-counter)	143,287,208

Overseas (stock exchange) (1)	32,785,343
Overseas (over-the-counter) (1)	3,670,657
Total	405,328,398

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

e) Credit Default Swaps (CDS)

On December 31, 2017, Bradesco had credit default swaps (CDS) with the following characteristics: the risk received in credit swaps whose underlying assets are "debt securities issued by companies" in the amount of R\$468,214 thousand and "bonds of the Brazilian public debt" in the amount of R\$ 116,773 thousand totalizing net credit risk value of R\$584,987 thousand, with an effect on the calculation of required shareholders' equity of R\$49,162 thousand. The contracts related to credit derivatives transactions described above are due in 2022. The mark-to-market of the protection rates that remunerates the counterparty that received the risk totaled R\$195 thousand. There were no credit events, as defined in the agreements, during the period.

f) Cash flow hedge

On December 31, 2017, Bradesco maintained cash flow hedges, composed of: (i) hedge accounting, to protect the cash flow from receipts of interest on investments in securities, related to the risk of a variable interest rate of the DI, using DI Futures contracts in B3, amounting to R\$ 16,030,487 thousand, having as object of hedge the securities backed in DI, in the amount of R\$ 14,708,544 thousand, maturing between in 2018 and 2019, making the cash flow fixed in advance. The adjustment to fair value of these operations recognized in the shareholders' equity was R\$40,060 thousand, net of tax effects was R\$24,036 thousand; (ii) hedge accounting, with the aim of protecting its cash flows from payment of interest rates on funds, regarding the floating interest rate of DI, using DI Future contracts on B3 totaling R\$6,769,979 thousand, having as object of hedge captures linked to DI, totaling R\$6,671,048 thousand and maturities between 2018 and 2020, converting to fixed cash flows. The adjustment to fair value of these operations recognized in the shareholders' equity was R\$(84,044) thousand, net of tax effects was R\$(50,426) thousand; and (iii) hedge accounting, with the purpose of hedging the exchange variation on future cash flows, whose functional currency is different from the real, using forward contracts, in the amount of R\$ 1,110,888 thousand, with the purpose of hedging the investment in the foreign currency denominated MXN (Mexican Peso), in the amount of R\$ 582,567 thousand. The adjustment to market of these operations, recorded in shareholders' equity, was R\$ (59,739) thousand, net of tax effects was R\$ (35,843) thousand. The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter No. 3,082/02.

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Notes to the Financial Statements of the Prudential Conglomerate**g) Income from securities, insurance and derivative financial instruments**

	Year ended December 31 - R\$ thousand	
	2017	
Fixed income securities (1)		21,980,157
Interbank investments (Note 5b)		18,356,673
Equity securities (2)		1,144,949
Subtotal		41,481,779
Income from derivative financial instruments (Note 6d V)		1,893,815
Total		43,375,594

(1) Includes the losses through impairment of financial assets (primarily debentures) in the amount of R\$2,487,725 thousand; and

(2) Includes the losses through impairment of shares, in the amount of R\$ 29,453 thousand.

7) INTERBANK ACCOUNTS – RESERVE REQUIREMENT**a) Reserve requirement**

	On December 31 - R\$ thousand	
	Remuneration	2017
Compulsory deposit – demand deposits	not remunerated	4,415,702
Compulsory deposit – savings deposits	savings index	24,672,508
Compulsory deposit – time deposits	Selic rate	37,579,791
Requirement rural loans funds	not remunerated	46,225
Reserve requirement – SFH	TR + interest rate	1,217,337

Total **67,931,563**

b) Revenue from reserve requirement

	Year ended December 31 - R\$ thousand
	2017
Reserve requirement – Bacen (Compulsory deposit)	4,881,320
Reserve requirement – SFH	54,142
Total	4,935,462

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Notes to the Consolidated Financial Statements**8) LOANS**

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

a) By type and maturity

	Performing loans						On December 31 - R\$ thousand		% (5)
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total in 2017 (A)		
Discounted trade receivables and loans (1)	18,482,245	12,138,419	7,838,077	20,029,054	23,289,335	67,850,982	149,628,112	35.4	
Financing Agricultural and agribusiness loans	4,024,516	3,638,741	3,654,008	10,517,512	15,723,516	85,935,002	123,493,295	29.2	
Subtotal	23,077,138	16,664,036	12,077,741	32,997,218	46,950,524	161,289,455	293,056,112	69.3	
Leasing Advances on foreign exchange contracts (2)	141,597	104,789	95,796	270,270	417,250	1,091,124	2,120,826	0.5	
Subtotal	25,430,277	18,434,783	13,485,087	35,906,744	48,859,336	162,380,579	304,496,806	72.0	
Other receivables (3)	13,907,164	8,421,321	2,737,951	5,119,347	4,570,448	1,007,631	35,763,862	8.5	
Total loans	39,337,441	26,856,104	16,223,038	41,026,091	53,429,784	163,388,210	340,260,668	80.5	
Sureties and guarantees (4)	3,373,203	4,325,455	1,643,121	5,549,049	9,227,478	54,749,041	78,867,347	18.6	
Loan assignment - real estate receivables certificate	36,666	36,665	36,663	105,518	157,475	529,442	902,429	0.2	
	1,225,434	445,193	200,286	554,772	242,668	-	2,668,353	0.6	

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Acquisition of credit card receivables								
Loans available for import (4)	90,278	48,555	33,686	84,621	37,089	-	294,229	0.1
Confirmed exports loans (4)	20,227	192	-	-	42,118	-	62,537	-
Co-obligation from assignment of rural loan (4)	-	-	-	-	-	76,984	76,984	-
Total in 2017	44,083,249	31,712,164	18,136,794	47,320,051	63,136,612	218,743,677	423,132,547	100.0

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Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand							
	Non-performing loans Past-due installments							
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 540	Total in 2017 (B)	% (5)	
	days	days	days	days	days			
Discounted trade receivables and loans (1)	1,335,660	1,090,159	898,931	2,399,563	4,107,560	9,831,873	83.6	
Financing	297,242	232,036	151,553	294,366	210,412	1,185,609	10.1	
Agricultural and agribusiness loans	42,060	45,943	102,603	119,687	50,894	361,187	3.1	
Subtotal	1,674,962	1,368,138	1,153,087	2,813,616	4,368,866	11,378,669	96.8	
Leasing	6,009	5,338	4,024	8,555	7,249	31,175	0.3	
Advances on foreign exchange contracts (2)	6,061	2,571	9,104	27,686	65,114	110,536	0.9	
Subtotal	1,687,032	1,376,047	1,166,215	2,849,857	4,441,229	11,520,380	98.0	
Other receivables (3)	23,220	14,242	12,180	110,381	74,805	234,828	2.0	
Total in 2017	1,710,252	1,390,289	1,178,395	2,960,238	4,516,034	11,755,208	100.0	

	On December 31 - R\$ thousand							
	Non-performing loans Installments not yet due							
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 360	More than 360	Total in 2017 (C)	% (5)
	days	days	days	days	days	days		
Discounted trade receivables and loans (1)	709,307	620,413	644,694	1,329,608	1,969,808	5,507,348	10,781,178	61.7
Financing	232,435	209,094	189,272	586,311	861,286	4,147,154	6,225,552	35.7
Agricultural and agribusiness loans	1,366	1,511	2,657	12,916	122,099	151,259	291,808	1.7
Subtotal	943,108	831,018	836,623	1,928,835	2,953,193	9,805,761	17,298,538	99.1
Leasing	5,486	5,514	6,269	14,497	25,643	40,449	97,858	0.6
Subtotal	948,594	836,532	842,892	1,943,332	2,978,836	9,846,210	17,396,396	99.7
Other receivables (3)	4,181	3,665	3,152	7,389	9,987	20,473	48,847	0.3
Total in 2017	952,775	840,197	846,044	1,950,721	2,988,823	9,866,683	17,445,243	100.0

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Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand	
	Total	
	Total in 2017	% (5)
	(A+B+C)	
Discounted trade receivables and loans (1)	170,241,163	37.6
Financing	130,904,456	28.9
Agricultural and agribusiness loans	20,587,700	4.6
Subtotal	321,733,319	71.1
Leasing	2,249,859	0.5
Advances on foreign exchange contracts (2) (Note 9a)	9,430,404	2.1
Subtotal	333,413,582	73.7
Other receivables (3)	36,047,537	8.0
Total loans	369,461,119	81.7
Sureties and guarantees (4)	78,867,347	17.4
Loan assignment - real estate receivables certificate	902,429	0.2
Acquisition of credit card receivables	2,668,353	0.6
Loans available for import (4)	294,229	0.1
Confirmed exports loans (4)	62,537	-
Co-obligation from assignment of rural loan (4)	76,984	-
Total in 2017	452,332,998	100.0

(1) Including credit card loans and advances on credit card receivables of R\$15,344,607 thousand;

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

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$26,109,733 thousand;

(4) Recognized in off-balance sheet accounts; and

(5) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

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

	On December 31, 2017								
	Levels of risk								
	AA	A	B	C	D	E	F	G	H
Discounted trade receivables and loans	21,461,569	76,439,519	13,070,800	23,985,621	9,232,717	4,448,259	3,526,991	2,336,615	15,739,077
Financing Agricultural and agribusiness loans	77,618,837	19,212,768	16,802,047	8,510,510	2,647,229	2,605,381	583,338	316,466	2,607,888
Leasing Advances on foreign exchange contracts (2)	6,833,582	4,754,076	6,208,981	1,716,881	581,395	190,504	47,165	64,183	190,933
Subtotal	105,913,988	100,406,363	36,081,828	34,213,012	12,461,341	7,244,144	4,157,494	2,717,264	18,537,888
Other receivables	310,102	431,807	1,272,201	49,059	31,268	34,381	11,811	4,593	104,633
Total in 2017	114,221,205	126,270,682	41,868,307	39,822,819	12,920,442	7,648,898	4,264,014	2,952,535	19,492,211
%	30.9	34.2	11.3	10.8	3.5	2.1	1.1	0.8	5.3

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

(2) Note 9a.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

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

On December 31 - R\$ thousand

	Levels of risk								Total in 2017	% (1)
	Non-performing loans									
	AAA	B	C	D	E	F	G	H		
Installments not yet due	- -	1,164,057	3,245,341	2,211,465	1,991,846	1,834,724	999,886	5,997,924	17,445,243	100.0
1 to 30	- -	132,808	175,038	107,330	76,620	64,891	84,001	312,087	952,775	5.5
31 to 60	- -	106,099	172,126	98,626	65,108	62,683	47,133	288,422	840,197	4.8
61 to 90	- -	81,918	116,298	92,196	58,616	54,299	40,232	402,485	846,044	4.8
91 to 180	- -	161,476	291,256	260,918	167,301	217,302	113,737	738,731	1,950,721	11.2
181 to 360	- -	237,381	522,951	386,062	292,224	257,357	187,089	1,105,759	2,988,823	17.1
More than 360	- -	444,375	1,967,672	1,266,333	1,331,977	1,178,192	527,694	3,150,440	9,866,683	56.6
Past-due installments (2)	- -	366,158	880,717	900,983	955,634	1,017,002	885,430	6,749,284	11,755,208	100.0
1 to 14	- -	10,854	126,767	94,122	93,589	123,248	25,460	198,582	672,622	5.7
15 to 30	- -	347,876	240,306	106,603	65,250	33,893	30,881	212,821	1,037,630	8.8
31 to 60	- -	7,428	494,411	181,071	133,654	72,744	53,450	447,531	1,390,289	11.9
61 to 90	- -	-	15,023	493,918	154,957	92,517	60,570	361,410	1,178,395	10.0
91 to 180	- -	-	4,210	25,269	494,697	590,294	681,709	1,164,059	2,960,238	25.2
181 to 360	- -	-	-	-	13,487	104,306	33,360	4,209,678	4,360,831	37.1
More than 360	- -	-	-	-	-	-	-	155,203	155,203	1.3
Subtotal	- -	1,530,215	4,126,058	3,112,448	2,947,480	2,851,726	1,885,316	12,747,208	29,200,451	
Specific provision	- -	15,303	123,782	311,242	884,244	1,425,863	1,319,721	12,747,208	16,827,363	

(1) Percentage of maturities by type of installment; and

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

Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Consolidated Financial Statements

	On December 31, 2017								
	Levels of risk Performing loans								
	AA	A	B	C	D	E	F	G	H
Installments not yet due	114,221,205	126,270,682	40,338,092	35,696,761	9,807,994	4,701,418	1,412,288	1,067,219	6,745,009
1 to 30	7,850,210	19,694,981	3,498,540	4,691,671	1,657,749	618,975	251,410	260,908	812,997
31 to 60	6,109,848	12,858,573	2,660,230	3,607,394	304,647	604,759	51,162	42,214	617,277
61 to 90	3,375,005	7,576,573	1,740,763	2,888,935	227,732	85,864	34,679	26,850	266,637
91 to 180	12,208,280	15,769,621	4,653,235	5,889,533	1,235,705	486,462	116,373	118,034	548,848
181 to 360	15,860,864	21,283,235	6,442,082	6,351,069	1,676,586	535,867	153,592	341,309	785,180
More than 360	68,816,998	49,087,699	21,343,242	12,268,159	4,705,575	2,369,491	805,072	277,904	3,714,070
Generic provision	-	631,353	403,380	1,070,903	980,800	1,410,425	706,144	747,053	6,745,009
Total in 2017 (2)	114,221,205	126,270,682	41,868,307	39,822,819	12,920,442	7,648,898	4,264,014	2,952,535	19,492,217
Existing provision	-	712,568	458,716	1,336,231	1,902,446	5,464,736	4,118,336	2,932,657	19,492,217
Minimum required provision	-	631,353	418,683	1,194,685	1,292,042	2,294,669	2,132,007	2,066,774	19,492,217
Excess provision (3)	-	81,215	40,033	141,546	610,404	3,170,067	1,986,329	865,883	-

(1) Percentage of maturities by type of installment;

(2) The total includes performing loans of R\$340,260,666 thousand and non-performing loans of R\$29,200,451 thousand; and

(3) The allocation of the excess provision gives preference to the operations that are in the highest risk ratings, limited to 100% of the risk value.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate**d) Concentration of loans**

	On December 31 - R\$ thousand	
	2017	% (1)
Largest borrower	9,410,382	2.5
10 largest borrowers	30,628,439	8.3
20 largest borrowers	45,506,149	12.3
50 largest borrowers	66,362,206	17.9
100 largest borrowers	82,897,313	22.4

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

e) By economic sector

	On December 31 - R\$ thousand	
	2017	%
Public sector	9,676,927	2.6
Oil, derivatives and aggregate activities	9,410,382	2.5
Production and distribution of electricity	1,322	-
Services	265,223	0.1
Private sector	359,784,192	97.4
Companies	185,795,799	50.3
Real estate and construction activities	29,383,442	8.0
Retail	23,935,638	6.5
Services	17,994,363	4.9
Transportation and concession	14,185,413	3.8
Automotive	10,014,454	2.7
Food products	8,866,028	2.4
Wholesale	9,045,916	2.4
Production and distribution of electricity	7,360,804	2.0
Iron and steel industry	7,001,290	1.9
Sugar and alcohol	7,042,811	1.9
Holding	3,539,364	1.0
Capital goods	3,740,520	1.0

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Pulp and paper	3,358,341	0.9
Chemical	3,464,871	0.9
Cooperative	3,007,516	0.8
Financial	2,988,105	0.8
Leisure and tourism	2,570,126	0.7
Textiles	1,848,748	0.5
Agriculture	1,870,938	0.5
Oil, derivatives and aggregate activities	1,787,235	0.5
Other industries	22,789,876	6.2
Individuals	173,988,393	47.1
Total	369,461,119	100.0

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

Notes to the Financial Statements of the Prudential Conglomerate

f) Breakdown of loans and allowance for loan losses

On December 31 - R\$ thousand

Level of risk	Non-performing loans		Portfolio balance		Total	% (1)	% 2017 YTD (2)
	Installments past due	Installments not yet due	Total - non-performing loans	Performing loans			
AA	-	-		- 114,221,205			