

BANK BRADESCO
Form 6-K
March 28, 2019

**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, 2019
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	2018	2017
Current	577,735,243	558,032,310
Cash and due from banks (Note 4)	19,485,882	14,873,276
Interbank investments (Notes 3d and 5)	102,531,796	153,097,317
Securities purchased under agreements to resell	96,206,122	144,732,820
Interbank investments	6,328,042	8,370,390
Allowance for losses	(2,368)	(5,893)
Securities and derivative financial instruments (Notes 3e, 3f and 6)	125,456,647	100,275,000
Own portfolio	26,586,950	33,101,539
Securities sold under repurchase agreements – Repledge only	72,272,955	44,445,387
Derivative financial instruments (Notes 3f and 6d II)	13,804,497	13,502,214
Given in guarantee	8,615,238	8,637,026
Securities sold under repurchase agreements – unrestricted	4,177,007	588,834
Interbank accounts	91,631,476	66,819,313
Unsettled payments and receipts	4,012,910	80,930
Reserve requirement (Note 7):		
- Reserve requirement - Brazilian Central Bank	87,596,916	66,714,226
- SFH - housing finance system	19,887	21,760
Correspondent banks	1,763	2,397
Interdepartmental accounts	144,041	262,954
Internal transfer of funds	144,041	262,954
Loans (Notes 3g and 8)	136,756,125	129,923,666
Loans:		
- Public sector	38,881	158,168
- Private sector	155,025,029	149,448,435
Loans transferred under an assignment with recourse	909,392	1,031,500
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(19,217,177)	(20,714,437)
Leases(Notes 3g and 8)	(9,531)	(26,826)
Leases operations and sublease receivables		
- Private sector	801,433	993,487
Unearned income from leases	(765,959)	(936,215)
Allowance for leases losses (Notes 3g, 8f, 8g and 8h)	(45,005)	(84,098)
Other receivables	98,881,268	88,761,571
Receivables on sureties and guarantees honored (Note 8a-3)	167,777	128,392
Foreign exchange portfolio (Note 9a)	20,459,806	17,469,599
Receivables	7,083,686	5,230,885
Securities trading	1,815,557	1,399,468
Specific receivables	36,490	24,483
Sundry (Note 9b)	71,261,445	66,334,465
Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(1,943,493)	(1,825,721)

Other assets (Note 10)	2,857,539	4,046,039
Other assets	2,933,708	2,805,331
Allowance for losses	(1,672,777)	(1,378,745)
Prepaid expenses (Notes 3i and 10b)	1,596,608	2,619,453
Long-term receivables	407,559,670	355,023,418
Interbank investments (Notes 3d and 5)	1,397,869	1,245,341
Interbank investments	1,397,869	1,245,341
Securities and derivative financial instruments (Notes 3e, 3f and 6)	169,867,077	141,987,702
Own portfolio	113,969,911	113,052,066
Securities sold under repurchase agreements – Repledge only	54,125,125	21,315,432
Derivative financial instruments (Notes 3f and 6d II)	917,554	679,455
Privatization rights	39,273	44,127
Given in guarantee	576,950	2,474,440
Securities sold under repurchase agreements – unrestricted	238,264	4,422,182
Interbank accounts	1,263,430	1,196,317
Unsettled payments and receipts	-	740
Reserve requirement (Note 7):		
- SFH - housing finance system	1,263,430	1,195,577

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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	2018	2017
Loans (Notes 3g and 8)	172,576,410	157,376,898
Loans:		
- Public sector	4,000,000	4,000,000
- Private sector	175,077,005	159,671,106
Loans transferred under an assignment with recourse	7,149,860	7,424,110
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(13,650,455)	(13,718,318)
Leases(Notes 3g and 8)	(83,335)	(62,404)
Leases receivables:		
- Private sector	1,104,509	1,210,134
Unearned income from leases	(1,104,285)	(1,209,824)
Allowance for leases losses (Notes 3g, 8f, 8g and 8h)	(83,559)	(62,714)
Other receivables	62,281,616	52,561,358
Receivables	-	2,189
Securities trading	621,558	257,297
Sundry (Note 9b)	61,727,548	52,314,491
Allowance for other loan losses (Notes 3g, 8f, 8g and 8h)	(67,490)	(12,619)
Other assets (Note 10)	256,603	718,206
Prepaid expenses (Notes 3i and 10b)	256,603	718,206
Permanent assets	76,057,124	74,531,257
Investments (Notes 3j and 11)	55,352,831	53,295,293
Earnings of Associates and Subsidiaries:		
- In Brazil	54,974,562	52,962,795
- Overseas	335,109	288,067
Other investments	102,319	175,686
Allowance for losses	(59,159)	(131,255)
Premises and equipment (Notes 3k and 12)	4,644,254	4,547,187
Premises	172,998	543,399
Other premises and equipment	10,507,953	9,257,290
Accumulated depreciation	(6,036,697)	(5,253,502)
Leases premises and equipment (Note 12)	3,542,750	3,876,128
Leased Assets	5,489,242	6,362,591
Accumulated depreciation	(1,946,492)	(2,486,463)
Intangible assets (Notes 3l and 13)	12,517,289	12,812,649
Intangible Assets	27,494,505	25,162,805
Accumulated amortization	(14,977,216)	(12,350,156)
Total	1,061,352,037	987,586,985

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

December 2018

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*

	2018	2017
Liabilities		
Current	617,950,592	619,024,457
Deposits (Notes 3n and 14a)	213,932,026	168,495,555
Demand deposits	35,482,198	34,317,789
Savings deposits	111,170,912	103,332,697
Interbank deposits	386,006	1,698,981
Time deposits (Note 14a)	66,892,910	29,146,088
Securities sold under agreements to repurchase (Notes 3n and 14b)	208,546,161	242,437,351
Own portfolio	133,189,778	105,367,187
Third-party portfolio	66,700,064	128,356,541
Unrestricted portfolio	8,656,319	8,713,623
Funds from issuance of securities (Note 14c)	66,217,948	82,709,188
Mortgage and real estate notes, letters of credit and others	64,927,439	81,561,359
Securities issued overseas	786,514	970,705
Structured Operations Certificates	503,995	177,124
Interbank accounts	24,355,267	20,904,697
Unsettled payments and receipts	22,988,512	19,546,537
Correspondent banks	1,366,755	1,358,160
Interdepartmental accounts	5,770,638	5,855,275
Third-party funds in transit	5,770,638	5,855,275
Borrowing (Note 15a)	27,906,561	17,279,622
Borrowing overseas	27,906,561	17,279,622
On-lending in Brazil - official institutions (Note 15b)	7,631,435	11,052,779
National treasury	105,725	97,200
BNDES	2,419,524	5,039,056
FINAME	5,104,742	5,915,013
Other institutions	1,444	1,510
Derivative financial instruments (Notes 3f and 6d II)	15,575,014	13,657,362
Derivative financial instruments	15,575,014	13,657,362
Other liabilities	48,015,542	56,632,628
Payment of taxes and other contributions	512,445	1,003,974
Foreign exchange portfolio (Note 9a)	5,554,384	7,654,624
Social and statutory	4,941,359	4,444,353
Tax and social security (Note 18a)	2,086,429	1,863,868
Securities trading	3,242,839	2,274,148
Financial and development funds	1,299	1,299
Subordinated debts (Note 17)	6,471,550	10,821,546
Sundry (Note 18b)	25,205,237	28,568,816
Long-term liabilities	321,849,952	257,699,337
Deposits (Notes 3n and 14a)	130,117,548	98,186,971

Interbank deposits	24,969	469,750
Time deposits (Note 14a)	130,092,579	97,717,221
Securities sold under agreements to repurchase (Notes 3n and 14b)	939,212	6,120,732
Own portfolio	939,212	6,120,732
Funds from issuance of securities (Note 14c)	96,405,010	64,655,367
Mortgage and real estate notes, letters of credit and others	92,926,316	62,335,983
Securities issued overseas	3,326,073	2,128,023
Structured Operations Certificates	152,621	191,361
Borrowing (Note 15a)	1,808,215	1,240,945
Borrowing overseas	1,808,215	1,240,945
On-lending in Brazil - official institutions (Note 15b)	17,538,623	19,716,515
BNDES	8,315,761	8,753,797
FINAME	9,222,862	10,962,718
Derivative financial instruments (Notes 3f and 6d II)	549,487	439,897
Derivative financial instruments	549,487	439,897
Other liabilities	74,491,857	67,338,910
Tax and social security (Note 18a)	2,396,031	3,104,514
Subordinated debts (Note 17)	12,188,392	16,241,102
Eligible Debt Capital Instruments (Note 17)	34,992,913	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*

	2018	2017
Liabilities		
Sundry (Note 18b)	24,914,521	24,863,456
Deferred income	357,364	387,587
Deferred income	357,364	387,587
Non-controlling interests in subsidiaries (Note 19)	73,260	18,128
Shareholders' equity (Note 20)	121,120,869	110,457,476
Capital:		
- Domiciled in Brazil	66,668,912	58,361,598
- Domiciled overseas	431,088	738,402
Capital reserves	11,441	11,441
Profit reserves	53,688,370	49,902,013
Asset valuation adjustments	761,572	1,884,536
Treasury shares (Note 20d)	(440,514)	(440,514)
Total	1,061,352,037	987,586,985

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

	2018 2 nd semester	2017 Year ended	2017 Year ended
Revenue from financial intermediation	56,367,212	102,366,983	124,909,956
Loans (Note 8j)	36,084,454	70,103,617	72,730,163
Leases (Note 8j)	663,510	1,442,785	1,871,316
Operations with securities (Note 6g)	15,202,621	31,276,145	41,481,779
Income from derivative financial instruments (Note 6g)	1,103,917	(6,079,321)	1,893,815
Foreign exchange operations (Note 9a)	1,108,297	1,637,575	2,287,568
Reserve requirement (Note 7b)	2,135,106	3,966,507	4,935,462
Sale or transfer of financial assets	69,307	19,675	(290,147)
Expenses from financial intermediation	33,152,414	72,754,619	90,355,961
Retail and professional market funding (Note 14e)	20,993,235	41,469,233	59,152,502
Borrowing and on-lending (Note 15c)	2,329,786	11,843,283	4,523,807
Leases (Note 8j)	515,280	1,184,585	1,600,669
Allowance for loan losses (Notes 3g, 8g and 8h)	9,314,113	18,257,518	25,078,983
Gross income from financial intermediation	23,214,798	29,612,364	34,553,995
Other operating income (expenses)	(9,744,298)	(9,232,081)	(19,317,416)
Fee and commission income (Note 21)	12,915,704	25,387,276	24,040,649
Other fee and commission income	9,020,543	17,427,324	16,407,948
Income from banking fees	3,895,161	7,959,952	7,632,701
Payroll and related benefits (Note 22)	(8,778,862)	(17,322,334)	(19,275,625)
Other administrative expenses (Note 23)	(10,915,866)	(21,674,319)	(21,675,359)
Tax expenses (Note 24)	(3,106,428)	(5,017,238)	(4,829,965)
Equity in the earnings (losses) of unconsolidated and jointly controlled companies (Note 11)	4,671,931	16,783,480	7,732,041
Other operating income (Note 25)	3,032,584	6,321,420	8,857,244
Other operating expenses (Note 26)	(7,563,361)	(13,710,366)	(14,166,401)
Operating income	13,470,500	20,380,283	15,236,579
Non-operating income (loss) (Note 27)	(588,555)	(897,974)	(706,063)
Income before income tax and social contribution and non-controlling interests	12,881,945	19,482,309	14,530,516
Income tax and social contribution (Notes 31a and 31b)	(2,787,066)	(384,485)	129,068
Current income tax	(717,164)	(1,094,109)	(1,167,669)
Current Social Contribution	310,342	(875,287)	(934,135)
Deferred Tax	(2,380,244)	1,584,911	2,230,872
Non-controlling interests in subsidiaries	(4,434)	(12,871)	(1,829)
Net income	10,090,445	19,084,953	14,657,755

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 Changes in Shareholders' Equity – In thousands of Reais

Events	Capital	Capital reserves Share premium	Profit reserves		Asset valuation adjustments	Treasury shares	Retained earnings	Total
			Legal	Statutory				
Balance on June 30, 2018	67,100,000	11,441	17,989,741	39,341,704	(963,649)	(440,514)		- 113,038,723
Capital increase with reserves								-
Asset valuation adjustments					1,725,221			1,725,221
Net income							10,090,445	10,090,445
Allocations:								
- Reserves			504,522	5,852,403			(6,356,925)	-
- Interest on Shareholders' Equity Paid							(3,733,520)	(3,733,520)
Balance on December 31, 2018	67,100,000	11,441	18,494,263	45,194,107	761,572	(440,514)		- 121,120,869
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)
	59,100,000	11,441	17,540,016	42,361,997	1,884,536	(440,514)		- 110,457,476

**Balance on
December
31, 2017****Balance on
December
31, 2017**

31, 2017	59,100,000	11,4417,540,016	42,361,997	1,884,536(440,514)	- 110,457,476
Capital					
increase with					
reserves	8,000,000	-	-(8,000,000)	-	-
Asset					
valuation					
adjustments	-	-	-	(1,122,964)	-(1,122,964)
Net income	-	-	-	-	19,084,953 19,084,953
Allocations:					
- Reserves	-	-	954,247 10,832,110	-	-(11,786,357) -
- Interest on					
Shareholders'					
Equity Paid					
and/or					
provisioned	-	-	-	-	(7,298,596) (7,298,596)
Balance on December 31, 2018	67,100,000	11,4418,494,263	45,194,107	761,572(440,514)	- 121,120,869

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

Description	2 nd semester	%	2018	%	2017	%
1 – Revenue	54,853,682	124.5	101,220,348	229.8	117,869,034	288.0
1.1) Financial intermediation	56,367,212	127.9	102,366,983	232.4	124,909,956	305.2
1.2) Fees and commissions	12,915,704	29.3	25,387,276	57.6	24,040,649	58.7
1.3) Allowance for loan losses	(9,314,113)	(21.1)	(18,257,518)	(41.4)	(25,078,983)	(61.3)
1.4) Others (Includes Private Social Investment (Note 32b))	(5,115,121)	(11.6)	(8,276,393)	(18.8)	(6,002,588)	(14.7)
2 – Financial intermediation expenses	(23,838,301)	(54.1)	(54,497,101)	(123.7)	(65,276,978)	(159.5)
3 – Inputs acquired from third-parties	(7,501,495)	(17.0)	(14,470,957)	(32.8)	(14,221,890)	(34.7)
Outsourced services	(2,165,103)	(4.9)	(4,240,041)	(9.6)	(4,077,092)	(10.0)
Data processing	(1,271,218)	(2.9)	(2,429,828)	(5.5)	(2,315,538)	(5.7)
Communication	(716,898)	(1.6)	(1,448,900)	(3.3)	(1,578,468)	(3.9)
Asset maintenance	(565,651)	(1.3)	(1,129,485)	(2.6)	(1,148,790)	(2.8)
Financial system services	(487,832)	(1.1)	(934,416)	(2.1)	(1,004,376)	(2.5)
Security and surveillance	(364,901)	(0.8)	(748,577)	(1.7)	(818,221)	(2.0)
Transport	(371,158)	(0.8)	(737,162)	(1.7)	(769,728)	(1.9)
Material, water, electricity and gas	(295,013)	(0.7)	(594,690)	(1.3)	(625,709)	(1.5)
Advertising and marketing	(562,311)	(1.3)	(957,351)	(2.2)	(804,905)	(2.0)
Travel	(124,152)	(0.3)	(228,680)	(0.5)	(194,234)	(0.5)
Others (Includes Private Social Investment (Note 32b))	(577,258)	(1.3)	(1,021,827)	(2.3)	(884,829)	(2.2)
4 – Gross value added (1-2-3)	23,513,886	53.4	32,252,290	73.2	38,370,166	93.7
5 – Depreciation and amortization	(2,301,479)	(5.2)	(4,979,855)	(11.3)	(5,171,507)	(12.6)
6 – Net value added produced by the entity (4-5)	21,212,407	48.1	27,272,435	61.9	33,198,659	81.1
7 – Value added received through transfer	4,671,931	10.6	16,783,480	38.1	7,732,041	18.9
Equity in the earnings (losses) of unconsolidated and jointly controlled companies	4,671,931	10.6	16,783,480	38.1	7,732,041	18.9
8 – Value added to distribute (6+7)	25,884,338	58.7	44,055,915	100.0	40,930,700	100.0
9 – Value added distributed	25,884,338	58.8	44,055,915	100.0	40,930,700	100.0
9.1) Personnel	7,724,126	17.5	15,282,463	34.7	17,194,644	42.0
Salaries	4,006,952	9.1	7,795,742	17.7	8,489,938	20.7
Benefits	1,988,746	4.5	3,954,160	9.0	4,923,102	12.0
Government Severance Indemnity Fund for Employees (FGTS)	368,685	0.8	706,841	1.6	1,207,056	2.9
Other	1,359,743	3.1	2,825,720	6.4	2,574,548	6.3
9.2) Tax, fees and contributions	6,948,230	15.8	7,441,594	16.9	6,781,878	16.6
Federal	6,289,582	14.3	6,225,705	14.1	5,921,328	14.5
State	4,949	-	8,040	-	10,768	-

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Municipal	653,699	1.5	1,207,849	2.7	849,782	2.1
9.3) Remuneration for providers of capital	1,117,103	2.5	2,234,034	5.1	2,294,594	5.6
Rental	824,816	1.9	1,626,564	3.7	1,637,849	4.0
Asset leases	292,287	0.7	607,470	1.4	656,745	1.6
9.4) Value distributed to shareholders	10,094,879	22.9	19,097,824	43.3	14,659,584	35.8
Interest on Shareholders' Equity Dividends paid and/or provisioned	3,733,520	8.5	7,298,596	16.6	7,204,344	17.6
Retained earnings	6,356,925	14.4	11,786,357	26.8	7,453,411	18.2
Non-controlling interests in retained earnings	4,434	-	12,871	-	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

	2018	2017	
	2nd semester	Year ended	
	Year ended	Year ended	
Cash flow from operating activities:			
Income before income tax and social contribution and non-controlling interests	12,881,945	19,482,309	14,530,516
Adjustments to net income before income tax and social contribution	15,833,218	34,970,948	48,568,200
Effect of Changes in Exchange Rates in Cash and Cash equivalents	(296,694)	(716,246)	(801,320)
Allowance for loan losses	9,314,113	18,257,518	25,078,983
Depreciation and amortization	2,301,479	4,979,855	5,171,507
Impairment losses of assets	660,608	1,066,200	2,597,726
Expenses/ reversal with civil, labor and tax provisions	1,850,725	3,634,696	2,339,705
Share of profit (loss) of unconsolidated and jointly controlled companies	(4,671,931)	(16,783,480)	(7,732,041)
(Gain)/loss on sale of fixed assets	43,498	63,115	58,603
(Gain)/loss on sale of foreclosed assets	267,699	549,851	578,985
Foreign exchange variation of assets and liabilities overseas/Other	6,363,721	23,919,439	21,276,052
Net income before taxes after adjustments	28,715,163	54,453,257	63,098,716
(Increase)/Decrease in interbank investments	3,668,712	79	(2,669,175)
(Increase)/Decrease in trading securities and derivative financial instruments	(1,741,170)	2,679,216	2,884,798
(Increase)/Decrease in interbank and interdepartmental accounts	3,283,360	(511,740)	19,076,892
(Increase)/Decrease in loans and leases	(13,705,000)	(40,974,449)	(3,317,016)
(Increase)/Decrease in other receivables and other assets	(2,893,818)	(19,500,702)	(11,220,492)
(Increase)/Decrease in reserve requirement - Central Bank	(16,196,682)	(20,882,690)	(8,677,695)
Increase/(Decrease) in deposits	43,440,925	77,367,048	31,210,877
Increase/(Decrease) in securities sold under agreements to repurchase	(12,727,343)	(39,072,710)	(9,182,363)
Increase/(Decrease) in borrowings and on-lending	3,498,572	5,594,973	(8,910,300)
Increase/(Decrease) in other liabilities	(14,537,350)	(6,417,292)	(19,995,567)
Increase/(Decrease) in deferred income	(8,548)	(30,223)	(64,499)
Income tax and social contribution paid	(800,251)	(2,746,145)	(4,867,351)
Net cash provided by/(used in) operating activities	19,996,570	9,958,622	47,366,825
Cash flow from investing activities:			
Maturity of and interest on held-to-maturity securities	786,900	2,453,986	1,716,924
Sale of/maturity of and interest on available-for-sale securities	69,826,151	117,484,407	77,021,457
Proceeds from sale of foreclosed assets	324,385	645,794	798,171

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Sale of investments	96,477	179,176	-
Sale of premises and equipment	55,038	296,766	891,316
Purchases of available-for-sale securities	(51,158,729)	(136,643,975)	(104,967,939)
Purchases of held-to-maturity securities	(35,768,558)	(35,768,558)	(33,798)
Investment acquisitions	(277,184)	(279,111)	(5,246,640)
Purchase of premises and equipment	(1,315,798)	(1,747,900)	(1,630,375)
Intangible asset acquisitions	(1,684,989)	(3,875,330)	(1,966,793)
Dividends and interest on shareholders' equity received	5,096,013	5,116,246	3,506,941
Net cash provided by/(used in) investing activities	(14,020,294)	(52,138,499)	(29,910,736)
Cash flow from financing activities:			
Funds from securities issued	42,199,461	95,196,518	70,915,810
Settlement and Interest payments of Funds from issuance of securities	(52,337,462)	(91,035,793)	(100,286,827)
Issuance of subordinated debts	10,890,606	10,890,606	6,594,610
Settlement and Interest payments of subordinated debts	(1,856,477)	(12,947,073)	(14,303,148)
Interest on Shareholders' Equity Paid	(1,690,172)	(6,483,196)	(6,397,874)
Non-controlling interest	(1,312)	42,261	(364)
Net cash provided by/(used in) financing activities	(2,795,356)	(4,336,677)	(43,477,793)
Net increase/(decrease) in cash and cash equivalents	3,180,920	(46,516,554)	(26,021,704)
Cash and cash equivalents - at the beginning of the period	106,621,071	155,898,993	181,119,377
Effect of Changes in Exchange Rates in Cash and Cash equivalents	296,694	716,246	801,320
Cash and cash equivalents - at the end of the period	110,098,685	110,098,685	155,898,993
Net increase/(decrease) in cash and cash equivalents	3,180,920	(46,516,554)	(26,021,704)

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

Notes to the Financial Statements of the Prudential Conglomerate

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

- 1) OPERATIONS
- 2) PRESENTATION OF THE FINANCIAL STATEMENTS
- 3) SIGNIFICANT ACCOUNTING PRACTICES
- 4) CASH AND CASH EQUIVALENTS
- 5) INTERBANK INVESTMENTS
- 6) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS
- 7) INTERBANK ACCOUNTS – RESERVE REQUIREMENT
- 8) LOANS
- 9) OTHER RECEIVABLES
- 10) OTHER ASSETS
- 11) INVESTMENTS
- 12) PREMISES AND EQUIPMENT AND LEASED ASSETS
- 13) INTANGIBLE ASSETS
- 14) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE
- 15) BORROWING AND ON-LENDING
- 16) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL
- 17) SUBORDINATED DEBT
- 18) OTHER LIABILITIES
- 19) NON-CONTROLLING INTERESTS IN SUBSIDIARIES
- 20) SHAREHOLDERS' EQUITY (PARENT COMPANY)
- 21) FEE AND COMMISSION INCOME
- 22) PAYROLL AND RELATED BENEFITS
- 23) OTHER ADMINISTRATIVE EXPENSES
- 24) TAX EXPENSES
- 25) OTHER OPERATING INCOME
- 26) OTHER OPERATING EXPENSES
- 27) NON-OPERATING INCOME (LOSS)
- 28) RELATED-PARTY TRANSACTIONS
- 29) RISK AND CAPITAL MANAGEMENT
- 30) EMPLOYEE BENEFITS
- 31) INCOME TAX AND SOCIAL CONTRIBUTION
- 32) OTHER INFORMATION

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. 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).

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 estimates and assumptions.

Bradesco's financial statements of the Prudential Conglomerate were approved by the Board of Executive Officers on March 21, 2019.

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 2018	2017
Financial Institutions			
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	100.00%	99.99%
Banco Bradescard S.A.	Cards	100.00%	100.00%
Banco Bradesco Argentina S.A.U (2) (3)	Banking	100.00%	99.99%
Banco Bradesco BBI S.A. (4)	Investment bank	99.96%	99.85%
Banco Bradesco BERJ S.A.	Banking	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%
Banco Bradesco Europa S.A. (3)	Banking	100.00%	100.00%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%
Banco Bradesco S.A. New York Branch (3)	Banking	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (3) (5)	Banking	100.00%	100.00%
Banco Losango S.A.	Banking	100.00%	100.00%
Bradesco-Kirton Corretora de Câmbio S.A. (6)	Exchange Broker	99.97%	99.97%
Bradesco Leasing S.A. Arrendamento Mercantil	Leases	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%
Bradesco Securities Hong Kong Limited (3)	Brokerage	100.00%	100.00%
Bradesco Securities, Inc. (3)	Brokerage	100.00%	100.00%
Bradesco Securities, UK. Limited (3)	Brokerage	100.00%	100.00%

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

Notes to the Financial Statements of the Prudential Conglomerate

	Activity	On December 31	
		Equity interest 2018	2017
Bradescard México, sociedad de Responsabilidad Limitada (7)	Cards	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%
BEC - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%	100.00%
BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%	100.00%
BMC Asset Management - DTVM Ltda. (8)	Asset management	-	100.00%
Cidade Capital Markets Ltd. (3)	Banking	100.00%	100.00%
Crediare S.A. Crédito, Financiamento e Investimento (9)	Banking	50.00%	50.00%
Kirton Bank Brasil S.A.	Banking	100.00%	100.00%
Nova Marília Administração de Bens Móveis e Imóveis Ltda.	Asset management	100.00%	100.00%
Serel Participações em Imóveis S.A.	Asset management	100.00%	100.00%
Consortium Management			
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%
Payment Institutions			
Alvorada Administradora de Cartões Ltda.	Services	100.00%	100.00%
Bankpar Consultoria e Serviços Ltda.	Services	100.00%	100.00%
BCN - Consultoria, Adm. Bens, Serv. e Publicidade Ltda.	Services	100.00%	100.00%
Tempo Serviços Ltda.	Services	100.00%	100.00%
Securitization Companies			
Alvorada Cia. Securitizadora de Créditos Financeiros	Credit acquisition	100.00%	100.00%
Alvorada Serviços e Negócios Ltda.	Credit acquisition	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%
Investment Funds (10)			
Bradesco F.I. Referenciado DI Performance	Investment Fund	100.00%	100.00%
Bradesco F.I. Referenciado DI Uniao	Investment Fund	79.15%	66.09%
Bradesco F.I.C.F.I. Referenciado DI Galáxia	Investment Fund	100.00%	100.00%
Bradesco F.I. Mult. Cred. Priv. Inv. Exterior Pioneiro	Investment Fund	100.00%	100.00%
Alpha F.I. Mult. Créd. Priv. Inv. no Exterior	Investment Fund	100.00%	100.00%

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Bradesco F.I. Mult. Cred. Priv. Inv. Exterior			
Andromeda	Investment Fund	100.00%	100.00%
Fundo de Investimento Referenciado DI GJ	Investment Fund	100.00%	100.00%
FIP Multisetorial Plus	Investment Fund	100.00%	100.00%
FII - F.I.R.F. Cred. Privado	Investment Fund	100.00%	100.00%
Bradesco F.I. Mult. Cr�d. Priv. Inv. no Exterior - CDI Mais	Investment Fund	100.00%	100.00%

(1) In December 2018 there was acquisition of shares held by a minority shareholder;

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

(3) The functional currency of these companies abroad is the Real;

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

(5) 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;

(6) In November 2018, there was a change in the corporate name of Bradesco-Kirton Corretora de T tulos e Valores Mobili rios S.A. to Bradesco-Kirton Corretora de C mbio S.A.;

(7) The functional currency of this company is the Mexican Peso;

(8) Company incorporated in August, 2018, by the company Banco Bradesco Financiamentos S.A.;

(9) At the request of the Central Bank of Brazil, from March 2018 we started to consolidate the Crediare S.A. Cr dito, Financiamentos e Investimentos; and

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

Bradesco

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

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

Notes to the Financial Statements of the Prudential Conglomerate

prices are not available, fair values are based on traders' quotations, pricing models, discounted cash flows or similar techniques to determine the fair value and may require judgment or significant estimates by Management.

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

f) Derivative financial instruments (assets and liabilities)

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

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

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

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

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the Statement of Income; and

- Cash flow hedge: the effective portion of valuation or devaluation of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the Statement of Income; and
- Hedge of net investment in foreign operations - the financial instruments classified in this category are intended to hedge the exchange variation of investments abroad, whose functional currency is different from the national currency, and are accounted for in accordance with the accounting procedures applicable to the hedge category of cash flow, that is, with the effective portion recognized in shareholders' equity, net of tax effects, and the non-effective portion recognized in income for the period.

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

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and off-balance-sheet accounts, is disclosed in Note 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) considering, among other things, the delay levels (as described in table below); and (ii) Management's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors.

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Notes to the Financial Statements of the Prudential Conglomerate

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.

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.

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

to the nature, value, purpose of the loan and characteristics of the guarantees.

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

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

Notes to the Financial Statements of the Prudential Conglomerate

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).

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 is 15% again as from January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

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.

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

Notes to the Financial Statements of the Prudential Conglomerate

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.

Tax incentives and other investments are stated at cost, impairment, where applicable.

The composition of unconsolidated 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.

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Notes to the Financial Statements of the Prudential Conglomerate

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.

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 and in accordance with Circular Letter nº 3,429/10:

- **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, is presented in Note 16.

p) Funding expenses

Expenses related to funding transactions involving the issuance of securities reduce the corresponding liability and are recognized in the profit or loss over the term of the transaction, according to Notes 14c and 17.

q) 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).

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Notes to the Financial Statements of the Prudential Conglomerate

r) 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.

4) CASH AND CASH EQUIVALENTS

	On December 31 - R\$ thousand	
	2018	2017
Cash and due from banks in domestic currency	14,604,346	12,858,488
Cash and due from banks in foreign currency	4,880,713	2,014,413
Investments in gold	823	375
Total cash and due from banks	19,485,882	14,873,276
Interbank investments (1)	90,612,803	141,025,717
Total cash and cash equivalents	110,098,685	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

	On December 31 - R\$ thousand					2018	2017
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days			
Securities purchased under agreements to resell:							
Own portfolio position	6,934,652	19,170,537	-	-	26,105,189	12,880,529	
Financial treasury bills	5,604,716	-	-	-	5,604,716	605,335	
National treasury notes	659,028	6,369,513	-	-	7,028,541	10,104,097	
National treasury bills	322,927	12,801,024	-	-	13,123,951	2,133,622	
Other	347,981	-	-	-	347,981	37,475	
Funded position	23,154,078	42,929,820	-	-	66,083,898	128,293,877	
National treasury notes	523,787	26,683,117	-	-	27,206,904	61,691,772	
Financial treasury bills	13,973,377	-	-	-	13,973,377	21,736,942	
National treasury bills	8,656,914	16,246,703	-	-	24,903,617	44,865,163	
Unrestricted position	250,216	3,766,819	-	-	4,017,035	3,558,414	
National treasury bills	250,216	3,766,819	-	-	4,017,035	3,558,414	
Subtotal	30,338,946	65,867,176	-	-	96,206,122	144,732,820	
Interest-earning deposits in other banks:							
Interest-earning deposits in other banks:	2,187,396	2,463,590	1,677,056	1,397,869	7,725,911	9,615,731	
Provision for losses	(28)	(2,120)	(220)	-	(2,368)	(5,893)	
Subtotal	2,187,368	2,461,470	1,676,836	1,397,869	7,723,543	9,609,838	
Total in 2018	32,526,314	68,328,646	1,676,836	1,397,869	103,929,665		
%	31.3	65.7	1.7	1.3	100.0		
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	

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Notes to the Financial Statements of the Prudential Conglomerate**b) Income from interbank investments**

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

	Year ended December 31 - R\$ thousand	
	2018	2017
Income from investments in purchase and sale commitments:		
• Own portfolio position	1,357,213	1,064,822
• Funded position	5,622,852	16,016,339
• Unrestricted position	1,809,839	747,625
Subtotal	8,789,904	17,828,786
Income from interest-earning deposits in other banks	507,817	527,887
Total (Note 6g)	9,297,721	18,356,673

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

	2018		2017	
		%		%
Trading securities	47,565,943	16.1	48,217,917	19.9
- Government securities	26,808,530	9.1	24,116,495	9.9
- Corporate securities	6,035,362	2.0	9,919,753	4.1
- Derivative financial instruments (1) (5)	14,722,051	5.0	14,181,669	5.9
Available-for-sale securities (2)	182,282,394	61.7	181,767,575	75.0
- Government securities	116,586,269	39.5	126,630,718	52.3

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- Corporate securities	65,696,125	22.2	55,136,857	22.7
Held-to-maturity securities (2)	65,475,387	22.2	12,277,210	5.1
- Government securities	53,930,505	18.3	17,645	-
- Corporate securities	11,544,882	3.9	12,259,565	5.1
Total	295,323,724	100.0	242,262,702	100.0
- Government securities	197,325,304	66.8	150,764,858	62.2
- Corporate securities	97,998,420	33.2	91,497,844	37.8
Total	295,323,724	100.0	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****I) Trading securities**

Securities	On December 31 - R\$								
	2018				2017				
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value (3) (4)	Amortized cost	Fair Value Adjustment	Fair/book value (3) (4)	Fa Adj
Financial treasury bills	-	319,444	-	14,104,478	14,423,922	14,422,969	953	15,052,479	
National treasury notes	69,261	224,201	-	6,637,103	6,930,565	6,689,680	240,885	7,635,052	
Financial bills	40,417	224,899	214,092	251,521	730,929	734,297	(3,368)	799,623	
Debentures	48,289	-	178,575	758,104	984,968	1,183,263	(198,295)	1,999,785	
National treasury bills	298,740	464,377	225,921	3,331,964	4,321,002	4,263,824	57,178	1,074,842	
Brazilian foreign debt securities	-	-	-	659,602	659,602	645,523	14,079	307	
Derivative financial instruments (1) (5)	10,716,945	2,357,250	730,302	917,554	14,722,051	15,853,855	(1,131,804)	14,181,669	(4)
Other	2,562,851	528,130	24,748	1,677,175	4,792,904	4,839,124	(46,220)	7,474,160	
Total	13,736,503	4,118,301	1,373,638	28,337,501	47,565,943	48,632,535	(1,066,592)	48,217,917	(4)
Derivative financial instruments (liabilities) (5)	(15,038,965)	(373,896)	(162,153)	(549,487)	(16,124,501)	(12,487,343)	(3,637,158)	(14,097,259)	(3)

II) Available-for-sale securities

On December 31 -

Securities (2) (6)	2018				Fair/book value (3) (4)	Amortized cost	Fair Value Adjustment	Fair/book value (3) (4)	20
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days					
National treasury bills	14,228,693	40,551,096	13,678,225	32,589,626	101,047,640	100,094,000	953,640	109,550,759	
Debentures	843,075	1,668,834	724,845	41,311,358	44,548,112	45,725,023	(1,176,911)	34,988,998	
National treasury notes	-	1,620,743	-	10,409,252	12,029,995	11,530,425	499,570	10,077,566	
Foreign corporate securities	-	1,169,626	404,280	7,902,658	9,476,564	9,561,158	(84,594)	10,034,235	
Shares	6,175,793	-	-	-	6,175,793	7,503,170	(1,327,377)	7,328,787	
Foreign government bonds	-	-	-	-	-	-	-	3,202,547	
Certificates of real estate receivables	21,680	2,741	-	1,571,974	1,596,395	1,565,015	31,380	1,041,845	
Promissory Notes	13,233	201,567	-	-	214,800	214,265	535	495,528	
Other	2,472,386	879,247	72,422	3,769,040	7,193,095	7,172,536	20,559	5,047,310	
Subtotal	23,754,860	46,093,854	14,879,772	97,553,908	182,282,394	183,365,592	(1,083,198)	181,767,575	
Accounting Hedge (Note 6f)	-	-	-	-	-	-	(409,784)	-	
Securities reclassified to "Held-to-maturity securities"	-	-	-	-	-	-	(491,064)	-	
Total	23,754,860	46,093,854	14,879,772	97,553,908	182,282,394	183,365,592	(1,984,046)	181,767,575	

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Notes to the Financial Statements of the Prudential Conglomerate**III) Held-to-maturity securities**

Securities (2) (6)	2018				2018		On December 31 - R\$ thousand		
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Amortized cost (3)	Fair value (4)	Gain (loss) not accounted for	Amortized cost (3)	Gain (loss) not accounted for
National treasury bills	-	-	-	53,109,511	53,109,511	54,743,449	1,633,938	-	-
Certificates of real estate receivables	-	29,857	-	11,514,177	11,544,034	11,357,496	(186,538)	12,259,565	(295,783)
National treasury notes	133	1,101	1,077	815,718	818,029	880,974	62,945	7,115	-
Other	-	-	-	3,813	3,813	3,813	-	10,530	(420)
Total	133	30,958	1,077	65,443,219	65,475,387	66,985,732	1,510,345	12,277,210	(296,203)

c) Breakdown of the portfolios by financial statement classification

Securities	2018				On December 31 - R\$ thousand	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total in 2018	Total in 2017
	(3)	(4)	(3)	(4)	(3)	(4)
Own portfolio	26,773,248	7,098,701	1,610,795	105,074,117	140,556,861	146,153,605
Fixed income securities	19,751,087	7,098,701	1,610,795	105,074,117	133,534,700	137,982,552
National treasury notes	69,394	1,135	1,077	1,982,233	2,053,839	8,563,144
Financial treasury bills	-	627,427	-	12,286,768	12,914,195	14,043,257
National treasury bills	14,527,433	3,740,378	819,601	32,583,996	51,671,408	47,730,251
Debentures	891,364	1,668,833	468,532	37,125,911	40,154,640	36,988,782
Financial bills	40,417	224,899	214,092	355,725	835,133	799,623
Certificates of real estate receivables	21,680	32,598	-	13,240,985	13,295,263	13,404,917
Foreign corporate securities	171,014	336,339	10,323	3,735,894	4,253,570	5,604,804
Brazilian foreign debt securities	-	-	-	1,818,063	1,818,063	736,048

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Bank deposit certificates	97,603	253,068	-	10	350,681	332,055
Promissory Notes	13,233	201,567	-	-	214,800	2,863,290
Other	3,918,949	12,457	97,170	1,944,532	5,973,108	6,916,381
Equity securities	7,022,161	-	-	-	7,022,161	8,171,053
Shares of listed companies	7,022,161	-	-	-	7,022,161	8,171,053
Restricted securities	1,303	37,712,708	12,816,447	85,099,083	135,629,541	76,916,412
Subject to repurchase agreements	-	35,704,868	12,386,268	78,306,944	126,398,080	65,760,819
National treasury bills	-	32,648,316	11,557,423	56,404,319	100,610,058	56,213,201
Foreign corporate securities	-	1,095,893	393,956	4,714,900	6,204,749	5,729,357
National treasury notes	-	1,844,910	-	11,246,552	13,091,462	2,816,750

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Securities	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total in 2018	Total in 2017
					(3) (4)	(3) (4)
Financial treasury bills	-	115,749	-	591,416	707,165	287,956
Other	-	-	434,889	5,349,757	5,784,646	713,555
Privatization rights	-	-	-	39,273	39,273	44,127
Given in guarantee	1,303	2,007,840	430,179	6,752,866	9,192,188	11,111,466
National treasury notes	-	-	-	4,389,414	4,389,414	4,066,134
National treasury bills	-	1,552,326	430,179	42,786	2,025,291	3,946,983
Financial treasury bills	572	455,514	-	2,253,425	2,709,511	3,035,421
Other	731	-	-	67,241	67,972	62,928
Derivative financial instruments (1) (5)	10,716,945	2,357,250	730,302	917,554	14,722,051	14,181,669
Securities sold under repurchase agreements - unrestricted	-	3,074,454	1,096,943	243,874	4,415,271	5,011,016
National treasury bills	-	3,074,454	1,096,943	-	4,171,397	2,735,165
National treasury notes	-	-	-	243,874	243,874	2,273,706
Financial treasury bills	-	-	-	-	-	2,145
Total	37,491,496	50,243,113	16,254,487	191,334,628	295,323,724	242,262,702
%	12.7	17.0	5.5	64.8	100.0	100.0

(1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the instruments, we are classifying the derivative financial instruments, in the "Securities for Trading" category. For derivative financial instruments considered as accounting hedge, the category used is "Available-for-Sale Securities";

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

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

(4) The fair value of securities is determined based on the market price available at the end of the reporting

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

(5) Includes hedge for protection of assets and liabilities, denominated in or indexed to foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities. For a better analysis of these items, consider the net exposure (Note 6d II); and

(6) In the year ended on December 31, 2018, there were impairment losses on financial assets (mostly debentures), net of reversals, related to securities classified as "Available-for-Sale" and "Held-to-Maturity" in the amount of R\$ 979,765 thousand (R\$ 2,517,178 thousand in 2017).

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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. To estimate the fair value of the over-the-counter (OTC) financial derivative instruments, the credit quality of each counterparty is also taken into account, relating an expected loss for each derivative portfolio (Credit valuation adjustment).

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.

Macro-strategies are defined for the Trading (proprietary) and Banking portfolios. Trading Portfolio transactions, including derivatives, look for gains from directional movements in prices and/or rates, arbitrage, hedge and market-maker strategies that may be fully or partly settled before the originally stipulated maturity date. The Banking Portfolio focuses on commercial transactions and their hedges.

Portfolio risk is controlled using information consolidated by risk factor; effective portfolio risk management requires joint use of derivatives with other instruments, including stocks and bonds.

The Financial Statements include a Risk Management and Capital Note on the main risk-control metrics and the risk management structure's key aspects. This Note complements the Securities and Derivatives Note and shows these instruments' exposures under various views, as well as derivatives' revenues and expenses.

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Notes to the Financial Statements of the Prudential Conglomerate**I) Amount of derivative financial instruments recognized by index**

	Nominal value	Net amount value	2018 Original amortized cost	Mark-to-market adjustment	Fair value	Nominal value	Net amount value	2018 Original amortized cost
Futures contracts								
Purchase commitments:	227,726,255		1,308	-	1,308	127,891,433		8
- Interbank market	174,849,777	110,937,866	912	-	912	79,771,752	24,366,908	5
- Foreign currency	52,576,329	-	393	-	393	47,956,458	-	1
- Other	300,149	11,525	3	-	3	163,223	49,452	1
Sale commitments:	129,283,059		(6,026)	-	(6,026)	122,185,585		(90)
- Interbank market (1)	63,911,911	-	(5,995)	-	(5,995)	55,404,844	-	(79)
- Foreign currency (2)	65,082,524	12,506,195	(21)	-	(21)	66,666,970	18,710,512	
- Other	288,624	-	(10)	-	(10)	113,771	-	(10)
Option contracts								
Purchase commitments:	34,094,128		1,365,520	108,423	1,473,943	9,175,002		1,056,0
- Interbank market	18,526,773	507,784	512,578	29,882	542,460	1,425,013	429,323	414,6
- Foreign currency	14,764,233	3,216,607	822,075	72,814	894,889	7,306,564	-	630,3
- Other	803,122	88,633	30,867	5,727	36,594	443,425	215,284	10,9
Sale commitments:	30,281,104		(1,648,053)	13,854	(1,634,199)	11,477,775		(990,04)
- Interbank market	18,018,989	-	(990,383)	(29,966)	(1,020,349)	995,690	-	(508,01)
- Foreign currency	11,547,626	-	(603,269)	31,513	(571,756)	10,253,944	2,947,380	(459,13)

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- Other	714,489	-	(54,401)	12,307	(42,094)	228,141	-	(22,89)
Forward contracts								
Purchase commitments:	13,597,633		731,145	-	731,145	10,486,497		(114,83)
- Interbank market	213,196	213,196	15,577	-	15,577	-	-	
- Foreign currency	12,488,148	-	135,002	-	135,002	10,372,477	-	(113,80)
- Other	896,289	292,399	580,566	-	580,566	114,020	-	(1,03)
Sale commitments:	19,213,840		(164,382)	-	(164,382)	15,582,794		324,7
- Foreign currency (2)	18,609,950	6,121,802	(188,371)	-	(188,371)	14,947,271	4,574,794	(27,17)
- Other	603,890	-	23,989	-	23,989	635,523	521,503	351,8
Swap contracts								
Assets (long position):	73,300,586		13,411,279	(1,240,227)	12,171,052	62,796,097		17,199,7
- Interbank market	4,439,901	2,845,083	319,859	89,857	409,716	6,286,693	3,427,373	508,3
- Fixed rate	51,759,240	23,444,731	11,671,420	(1,910,637)	9,760,783	48,791,015	23,275,888	15,958,3
- Foreign currency	15,551,428	-	1,296,270	461,908	1,758,178	6,161,641	-	696,0
- IGPM	753,483	7,483	55,731	54,099	109,830	652,450	-	2,4
- Other	796,534	-	67,999	64,546	132,545	904,298	-	34,5

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	Nominal value	Net amount value	2018 Original amortized cost	Mark-to-market adjustment	Fair value	Nominal value	Net amount value	On 2017 Original amortized cost
Liabilities (unrestricted position):	56,095,194		(10,324,279)	(3,651,012)	(13,975,291)	45,733,215		(8,805,334)
- Interbank market	1,594,818	-	(17,713)	(27,358)	(45,071)	2,859,320	-	(116,128)
- Fixed rate	28,314,509	-	(6,187,481)	(3,397,316)	(9,584,797)	25,515,127	-	(7,016,419)
- Foreign currency	23,368,048	7,816,620	(3,751,368)	25,542	(3,725,826)	14,288,568	8,126,927	(1,476,907)
- IGPM	746,000	-	(117,080)	(75,724)	(192,804)	728,000	75,550	(36,205)
- Other	2,071,819	1,275,285	(250,637)	(176,156)	(426,793)	2,342,200	1,437,902	(159,675)
Total	583,591,799		3,366,512	(4,768,962)	(1,402,450)	405,328,398		8,670,165

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting hedges to protect CDI-related funding totaling R\$ 8,285,152 thousand (R\$ 6,769,979 in 2017); and (ii) accounting hedges to protect interbank investments, in the amount of R\$ 9,784,183 thousand (R\$ 16,030,487 thousand in 2017) (note 6f); and

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments. Investments abroad totaling the amount of R\$ 59,884,730 thousand (R\$ 49,543,254 thousand in 2017).

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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) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost, fair value and maturity**

	Original amortized cost	Mark-to-market adjustment	Fair value	%	2018				Total
					1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	
Adjustment receivable - swaps	13,411,279	(1,240,227)	12,171,052	83.0	12,140,572	-	-	30,480	12,171,052
Adjustment receivable - future	1,308	-	1,308	-	1,308	-	-	-	1,308
Receivable forward purchases	882,677	-	882,677	6.0	201,434	123,425	544,004	13,814	882,677
Receivable forward sales (1)	193,071	-	193,071	1.0	44,060	26,997	118,992	3,022	193,071
Premiums on exercisable options	1,365,520	108,423	1,473,943	10.0	527,205	9,194	67,306	870,238	1,473,943
Total assets (A)	15,853,855	(1,131,804)	14,722,051	100.0	12,914,579	159,616	730,302	917,554	14,722,051
Adjustment payables - swaps	(10,324,279)	(3,651,012)	(13,975,291)	87.0	(13,945,102)	-	-	(30,189)	(13,975,291)
Adjustment payables - future	(6,026)	-	(6,026)	-	(6,026)	-	-	-	(6,026)
Payable forward purchases	(151,532)	-	(151,532)	1.0	(71,237)	(50,792)	(22,432)	(7,071)	(151,532)
Payable forward sales	(357,453)	-	(357,453)	2.0	(168,047)	(119,813)	(52,914)	(16,679)	(357,453)
	(1,648,053)	13,854	(1,634,199)	10.0	(1,010,667)	(41,177)	(86,807)	(495,548)	(1,634,199)

Premiums
on written
options
**Total
liabilities**

(B) (12,487,343) (3,637,158) (16,124,501) 100.0 (15,201,079) (211,782) (162,153) (549,487) (16,124,501)

Net Effect

(A-B) 3,366,512 (4,768,962) (1,402,450) (2,286,500) (52,166) 568,149 368,067 (1,402,450)

(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				2018	2017
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Futures contracts (1)	199,908,795	30,528,629	22,092,725	104,479,165	357,009,314	250,077,018
Option contracts	12,045,860	3,259,021	38,680,422	10,389,929	64,375,232	20,652,777
Forward contracts (1)	19,008,660	8,405,385	4,195,332	1,202,096	32,811,473	26,069,291
Swap contracts	4,388,287	12,029,281	35,170,283	77,807,929	129,395,780	108,529,312
Total in 2018	235,351,602	54,222,316	100,138,762	193,879,119	583,591,799	
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	
	2018	2017
Government securities		
National treasury bills	-	2,401,816
National treasury notes	4,525,418	4,555,551
Total	4,525,418	6,957,367

V) Revenues and expenses, net

	Years ended December 31 - R\$ thousand	
	2018	2017
Swap contracts	(1,880,402)	85,043
Forward contracts (1)	(140,362)	(193,436)
Option contracts	(166,403)	(231,423)
Futures contracts (1)	(3,892,154)	2,233,631
Total (Note 6g)	(6,079,321)	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	
	2018	2017
B3 (stock exchange)	373,784,215	225,585,190
B3 (over-the-counter)	163,922,802	143,287,208

Financial Institutions	89,665,773	87,978,346
Companies	74,158,676	55,165,575
Individuals	98,354	143,287
Overseas (stock exchange) (1)	31,202,691	32,785,343
Overseas (over-the-counter) (1)	14,682,091	3,670,657
Total	583,591,799	405,328,398

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

e) Credit Default Swaps (CDS)

In general, these represent bilateral agreements in which one of the parties purchases protection against the credit risk of a certain financial instrument (the risk is transferred). The selling counterparty receives remuneration that is usually paid linearly over the term of the agreement.

In the case of a default, the purchasing counterparty will receive a payment to offset the loss incurred on the financial instrument. In this case, the selling counterparty usually receives the underlying asset of the agreement in exchange for the payment.

	On December 31 - R\$ thousand	
	2018	2017
Risk received in credit Swaps:	3,330,639	584,987
- Debt securities issued by companies	749,735	468,214
- Bonds of the Brazilian public debt	2,574,317	116,773
- Bonds of foreign public debt	6,587	-
Risk transferred in credit Swaps:	(271,236)	-
- Brazilian public debt derivatives	(96,870)	-
- Foreign public debt derivatives	(174,366)	-
Total net credit risk value	3,059,403	584,987
Effect on Shareholders' Equity	61,551	49,162
Remuneration on the counterparty receiving the risk	(7,372)	195

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

Notes to the Financial Statements of the Prudential Conglomerate

The contracts related to credit derivatives transactions described above are due in 2025. There were no credit events, as defined in the agreements, during the period.

f) Hedge Accounting

On December 31, 2018, Bradesco maintained hedge, in accordance with Bacen's Circular No. 3,082 / 02, composed by:

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

Strategy	Hedge instrument nominal value	Hedge object accounting value	On December 31 - R\$ thousand	
			Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of interest receipts from investments in securities (1)	9,784,183	8,048,943	-	-
Hedge of interest payments on funding (2)	8,285,152	8,054,345	(140,745)	(84,447)
Total in 2018	18,069,335	16,103,288	(140,745)	(84,447)
*				
Hedge of interest receipts from investments in securities (1)	16,030,487	14,708,544	40,060	24,036
Hedge of interest payments on funding (2)	6,769,979	6,671,048	(84,044)	(50,426)
Total in 2017	22,800,466	21,379,592	(43,984)	(26,390)

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

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

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

For the next 12 months, the gains related to the cash flow hedge, which we expect to recognize in the income statement, amount to R\$ (33,690) thousand.

The gains/(losses) related to the cash flow hedge recorded in the income statements in the year ended on December 31, 2018 were R\$ 22,970 thousand (R\$ 13,944 thousand in 2017).

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

Strategy	Hedge instrument nominal value	Hedge object accounting value	On December 31 - R\$ thousand	
			Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of exchange variation on future cash flows (1)	1,375,232	755,611	(269,039)	(161,423)
Total in 2018	1,375,232	755,611	(269,039)	(161,423)
Hedge of exchange variation on future cash flows (1)	1,110,888	582,567	(59,739)	(35,843)
Total in 2017	1,110,888	582,567	(59,739)	(35,843)

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

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

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Notes to the Financial Statements of the Prudential Conglomerate

For the next 12 months, the gains/(losses) related to the hedge of investments abroad, which we expect to recognize in the result, amount to R\$ 4,775 thousand.

Gains/(losses) related to the hedge of investments abroad recorded in income accounts in the year ended on December 31, 2018 were R\$ (7,943) thousand (R\$ (359) thousand in 2017).

g) Income from securities, insurance and derivative financial instruments

	Years ended December 31 - R\$ thousand	
	2018	2017
Fixed income securities (1)	21,730,863	21,980,157
Interbank investments (Note 5b)	9,297,721	18,356,673
Equity securities (2)	247,561	1,144,949
Subtotal	31,276,145	41,481,779
Income from derivative financial instruments (Note 6d V)	(6,079,321)	1,893,815
Total	25,196,824	43,375,594

(1) In the year ended on December 31, 2018, there were losses due to impairment of financial assets (mostly debentures), net of reversals, in the amount of R\$ 979,765 thousand (R\$ 2,487,725 thousand in 2017); and

(2) In the year ended on December 31, 2017, there were losses due to impairment of shares in the amount of R\$ 29,453 thousand.

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

		On December 31 - R\$ thousand	
		2018	2017
Compulsory deposit – demand deposits	Remuneration not remunerated	7,186,254	4,415,702
Compulsory deposit – savings deposits	savings index	21,999,114	24,672,508
Compulsory deposit – time deposits	Selic rate	58,411,548	37,579,791
Requirement rural loans funds	not remunerated		46,225
Reserve requirement – SFH	TR + interest rate	1,283,317	1,217,337
Total		88,880,233	67,931,563

For more information on compulsory deposits see Note 32.

b) Revenue from reserve requirement

		Years ended December 31 - R\$ thousand	
		2018	2017
Reserve requirement – Bacen (Compulsory deposit)		3,916,299	4,881,320
Reserve requirement – SFH		50,208	54,142
Total		3,966,507	4,935,462

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

Notes to the Financial Statements of the Prudential Conglomerate**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						Total in	-4%	Tot
	1 to 30	31 to 60	61 to 90	91 to 180	181 to 360	More than	2018 (A)		201
	days	days	days	days	days	360			
						days			
Discounted trade receivables and loans (1)	22,214,980	11,257,383	8,889,913	21,331,402	25,617,558	75,411,504	164,722,740	35.7	149,6
Financing Agricultural and agribusiness loans	4,861,488	5,011,360	3,634,089	10,339,936	14,704,213	94,997,026	133,548,112	29.0	123,4
Subtotal	27,784,899	17,152,508	13,413,403	34,843,223	46,299,979	178,706,925	318,200,937	69.0	293,0
Leases	93,240	87,987	85,056	225,530	370,644	1,079,859	1,942,316	0.4	2,1
Advances on foreign exchange contracts (2)	1,418,072	1,691,617	1,501,668	5,516,585	3,950,908	65,079	14,143,929	3.1	9,3
Subtotal	29,296,211	18,932,112	15,000,127	40,585,338	50,621,531	179,851,863	334,287,182	72.5	304,4
Other receivables (3)	23,034,410	9,910,016	3,849,634	6,636,750	4,233,432	607,840	48,272,082	10.5	35,7
Total loans	52,330,621	28,842,128	18,849,761	47,222,088	54,854,963	180,459,703	382,559,264	83.0	340,2
Acquisition of credit card receivables	1,379,816	802,771	459,614	805,428	481,272	-	3,928,901	0.9	2,6
Subtotal	53,710,437	29,644,899	19,309,375	48,027,516	55,336,235	180,459,703	386,488,165	83.9	342,9
Sureties and guarantees	2,975,110	1,435,271	1,299,313	7,316,209	10,954,418	48,890,757	72,871,078	15.8	78,8
Loan assignment - real estate receivables	30,450	30,449	30,447	87,628	130,776	439,678	749,428	0.2	9

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certificate

Guarantee given on rural loans

assigned

Letters of credit for imports

Confirmed exports loans

Total -

Off-balance-sheet accounts

Total in 2018

Total in 2017

-	-	-	-	8,544	57,119	65,663	-		
71,966	63,277	21,371	201,046	3,934	-	361,594	0.1	2	
20,000	431	-	21,515	28,445	-	70,391	-		
3,097,526	1,529,428	1,351,131	7,626,398	11,126,117	49,387,554	74,118,154	16.1	80.2	
56,807,963	31,174,327	20,660,506	55,653,914	66,462,352	229,847,257	460,606,319	100.0		
44,083,249	31,712,164	18,136,794	47,320,051	63,136,612	218,743,677			423.1	

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Notes to the Financial Statements of the Prudential Conglomerate

On December 31 - R\$ thousand

	Non-performing loans Past-due installments						Total in 2018 (B)	-4%	Total in 2017 (B)	-4%
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days					
Discounted trade receivables and loans (1)	1,539,952	981,513	1,073,421	2,265,548	3,373,406	9,233,840	84.2	9,831,873	83.6	
Financing	237,537	177,277	114,368	261,738	240,249	1,031,169	9.4	1,185,609	10.1	
Agricultural and agribusiness loans	19,988	29,511	71,386	98,495	38,979	258,359	2.4	361,187	3.1	
Subtotal	1,797,477	1,188,301	1,259,175	2,625,781	3,652,634	10,523,368	96.0	11,378,669	96.8	
Leases	4,731	3,813	3,039	5,634	1,459	18,676	0.2	31,175	0.3	
Advances on foreign exchange contracts (2)	4,699	8,715	507	87,396	1,838	103,155	0.9	110,536	0.9	
Subtotal	1,806,907	1,200,829	1,262,721	2,718,811	3,655,931	10,645,199	97.1	11,520,380	98.0	
Other receivables (3)	34,821	27,416	62,093	80,906	111,044	316,280	2.9	234,828	2.0	
Total in 2018	1,841,728	1,228,245	1,324,814	2,799,717	3,766,975	10,961,479	100.0			
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						Total in 2018 (C)	-4%	Total in 2017 (C)	-4%
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days				
Discounted trade receivables and loans (1)	602,091	524,586	426,764	1,085,350	1,668,602	4,537,184	8,844,577	64.3	10,781,178	61.7
Financing	179,974	189,395	153,387	410,843	652,948	2,909,925	4,496,472	32.7	6,225,552	35.7
Agricultural and agribusiness loans	946	1,972	3,562	12,710	42,792	72,831	134,813	1.0	291,808	1.7
Subtotal	783,011	715,953	583,713	1,508,903	2,364,342	7,519,940	13,475,862	98.0	17,298,538	99.1
Leases	6,163	5,239	4,004	12,203	21,116	80,145	128,870	0.9	97,858	0.6

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Subtotal	789,174,721,192,587,717,1,521,106,2,385,458,7,600,085,13,604,732	98.9	17,396,396	99.7
Other receivables (3)	5,084 4,742 4,221 11,453 17,795 102,329 145,624	1.1	48,847	0.3
Total in 2018	794,258,725,934,591,938,1,532,559,2,403,253,7,702,414,13,750,356	100.0		
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 Financial Statements of the Prudential Conglomerate

	On December 31 - R\$ thousand			
	Total		Total	
	Total in 2018	-4%	Total in 2017	-4%
	(A+B+C)		(A+B+C)	
Discounted trade receivables and loans (1)	182,801,157	37.7	170,241,163	37.6
Financing	139,075,753	28.7	130,904,456	28.9
Agricultural and agribusiness loans	20,323,257	4.2	20,587,700	4.6
Subtotal	342,200,167	70.6	321,733,319	71.1
Leases	2,089,862	0.4	2,249,859	0.5
Advances on foreign exchange contracts (2) (Note 9a)	14,247,084	2.9	9,430,404	2.1
Subtotal	358,537,113	73.9	333,413,582	73.7
Other receivables (3)	48,733,986	10.0	36,047,537	8.0
Total loans	407,271,099	83.9	369,461,119	81.7
Acquisition of credit card receivables	3,928,901	0.8	2,668,353	0.6
Subtotal	411,200,000	84.7	372,129,472	82.3
Sureties and guarantees	72,871,078	15.0	78,867,347	17.4
Loan assignment - real estate receivables certificate	749,428	0.2	902,429	0.2
Guarantee given on rural loans assigned	65,663	-	76,984	-
Letters of credit for imports	361,594	0.1	294,229	0.1
Confirmed exports loans	70,391	-	62,537	-
Total - Off-balance-sheet accounts	74,118,154	15.3	80,203,526	17.7
Total in 2018	485,318,154	100.0		
Total in 2017			452,332,998	100.0

(1) Including credit card loans and advances on credit card receivables of R\$ 13,205,662 thousand (R\$ 15,344,607 thousand in 2017);

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

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants), in the amount of R\$ 29,465,930 thousand (R\$ 26,109,733 thousand in 2017); and

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

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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) By type and levels of risk**

	Levels of risk								
	AA	A	B	C	D	E	F	G	H
Discounted trade receivables and loans	22,697,312	85,872,190	15,498,879	26,907,437	6,660,540	4,488,193	4,941,691	2,592,025	13,142,899
Financing Agricultural and agribusiness loans	82,694,007	28,703,892	10,262,714	9,308,804	2,099,505	1,206,559	1,257,754	686,825	2,855,699
Subtotal	109,920,984	123,250,601	30,131,660	38,292,334	9,099,178	5,770,998	6,249,815	3,337,041	16,147,559
Leases	332,123	314,307	1,227,159	30,053	15,632	58,704	28,598	12,727	70,559
Advances on foreign exchange contracts (2)	6,405,692	2,376,087	2,792,441	1,992,999	39,612	40,725	374,408	1,330	223,799
Subtotal	116,658,799	125,940,995	34,151,260	40,315,386	9,154,422	5,870,427	6,652,821	3,351,098	16,441,900
Other receivables	15,703,086	22,489,811	4,696,735	4,589,912	251,561	167,320	81,028	43,252	711,289
Subtotal	132,361,885	148,430,806	38,847,995	44,905,298	9,405,983	6,037,747	6,733,849	3,394,350	17,153,188
Financial guarantees provided (3)	58,032,545	3,772,435	2,149,091	8,395,269	521,738	-	-	-	-
Total in 2018	190,394,430	152,203,241	40,997,086	53,300,567	9,927,721	6,037,747	6,733,849	3,394,350	17,153,188
%	39.6	31.7	8.5	11.1	2.1	1.3	1.4	0.7	3.8
Total in 2017	178,567,474	130,084,098	42,352,068	49,153,772	13,805,998	7,656,290	4,264,014	2,952,535	19,492,211
%	39.8	29.0	9.4	11.0	3.1	1.7	1.0	0.7	4.3

(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;

(2) Note 9a; and

(3) The provision for losses, associated to the financial guarantees provided, is being evaluated as provided by CMN Resolution No. 4,512/16, more information on the methodology used, see Note 18c.

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

Notes to the Financial Statements of the Prudential Conglomerate**c) Composition of loan operations by risk level and delay situation****l) Levels of risk**

On December 31 - P											
Levels of risk Non-performing loans (3)											
	AAA	B	C	D	E	F	G	H	Total in 2018	% (1)	Tot 20
Installments not yet due	- -	1,164,852	2,577,215	1,759,840	1,571,846	1,144,297	962,224	4,570,082	13,750,356	100.0	17,4
1 to 30	- -	119,888	159,876	93,403	82,138	48,786	51,144	239,023	794,258	5.8	9
31 to 60	- -	94,160	138,753	77,019	71,480	57,172	45,239	242,111	725,934	5.3	8
61 to 90	- -	78,911	107,997	66,026	62,461	54,200	37,675	184,668	591,938	4.3	8
91 to 180	- -	152,681	263,804	189,550	179,652	110,610	109,945	526,317	1,532,559	11.1	1,9
181 to 360	- -	203,898	405,095	312,396	282,637	182,809	185,724	830,694	2,403,253	17.5	2,9
More than 360	- -	515,314	1,501,690	1,021,446	893,478	690,720	532,497	2,547,269	7,702,414	56.0	9,8
Past-due installments (2)	- -	375,656	830,579	818,566	801,283	1,306,894	1,070,767	5,757,734	10,961,479	100.0	11,7
1 to 14	- -	22,654	63,500	48,851	33,065	654,240	16,856	169,106	1,008,272	9.2	6
15 to 30	- -	344,552	183,119	82,752	48,165	21,898	25,190	127,780	833,456	7.6	1,0
31 to 60	- -	8,450	561,870	172,202	107,263	50,995	50,037	277,428	1,228,245	11.2	1,3
61 to 90	- -	-	14,426	494,106	132,820	67,341	329,049	287,072	1,324,814	12.1	1,1
91 to 180	- -	-	7,664	20,655	467,734	491,743	627,815	1,184,106	2,799,717	25.5	2,9
181 to 360	- -	-	-	-	12,236	20,677	21,820	3,656,426	3,711,159	33.9	4,3
More than 360	- -	-	-	-	-	-	-	55,816	55,816	0.5	1
Subtotal	- -	1,540,508	3,407,794	2,578,406	2,373,129	2,451,191	2,032,991	10,327,816	24,711,835		29,2
Specific provision	- -	15,405	102,233	257,841	711,939	1,225,596	1,423,094	10,327,816	14,063,924		16,8

(1) Percentage of maturities by type of installment;

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

(3) For contracts with installments past-due for more than 14 days or which have been restructured or where the borrower is bankrupt or in judicial recovery.

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

Notes to the Financial Statements of the Prudential Conglomerate

	Levels of risk								
	Performing loans (2)								
	AA	A	B	C	D	E	F	G	H
Installments not yet due	132,155,633	147,711,442	37,212,401	41,294,235	6,710,916	3,590,911	4,052,884	1,352,210	6,753,450
1 to 30	13,207,542	21,623,988	4,479,404	7,866,081	673,486	431,656	1,687,325	86,485	549,472
31 to 60	8,440,769	12,472,947	3,382,236	3,666,223	249,126	237,068	38,463	37,645	317,655
61 to 90	5,590,317	8,015,917	1,898,924	2,689,336	207,693	153,547	46,442	31,655	215,930
91 to 180	14,230,691	18,509,993	6,332,900	5,898,410	546,062	350,938	391,543	133,280	828,271
181 to 360	17,478,428	21,332,813	6,665,643	6,763,722	1,262,809	444,973	246,065	130,139	530,371
More than 360	73,207,886	65,755,784	14,453,294	14,410,463	3,771,740	1,972,729	1,643,046	933,006	4,311,755
Past due up to 14 days	206,252	719,364	95,086	203,269	116,661	73,707	229,774	9,149	71,920
Subtotal	132,361,885	148,430,806	37,307,487	41,497,504	6,827,577	3,664,618	4,282,658	1,361,359	6,825,370
Generic provision	-	742,154	373,074	1,244,925	682,758	1,099,385	2,141,329	952,951	6,825,370
Total in 2018	132,361,885	148,430,806	38,847,995	44,905,298	9,405,983	6,037,747	6,733,849	3,394,350	17,153,180
Existing provision	-	835,484	425,604	1,461,479	1,465,249	4,643,542	25,642,159	3,380,476	17,153,180
Minimum required provision	-	742,154	388,479	1,347,158	940,599	1,811,324	3,366,925	2,376,045	17,153,180
Excess provision	-	93,330	37,125	114,321	524,650	2,832,218	2,275,234	1,004,431	-
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	19,492,217
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	-	81,215	40,033	141,546	610,404	3,170,067	1,986,329	865,883	-

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

(2) Transactions past-due for less than 15 days and which have not been restructured and where the borrower is not bankrupt or in judicial recovery.

II) Operations

Exposure	Operation							Total
	On time	Past-due 0 to 14 days	Past-due 15 to 60 days	Past-due 61 to 90 days	Past-due 91 to 180 days	Past-due 181 to 360 days	Past-due more than 360	
Loans	367,273,035	11,383,723	11,217,012	3,100,334	6,423,034	7,694,882	179,079,407	407,271,099

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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			
	2018	% (1)	2017	% (1)
Largest borrower	9,092,151	2.2	9,410,382	2.5
10 largest borrowers	37,315,119	9.2	30,628,439	8.3
20 largest borrowers	52,976,450	13.0	45,506,149	12.3
50 largest borrowers	76,660,370	18.8	66,362,206	17.9
100 largest borrowers	94,185,453	27.4	82,897,313	22.4

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

e) By economic sector

	On December 31 - R\$ thousand			
	2018	%	2017	%
Public sector	9,259,368	2.3	9,676,927	2.6
Oil, derivatives and aggregate activities	9,092,151	2.2	9,410,382	2.5
Production and distribution of electricity	1,829	-	1,322	-
Services	165,388	-	265,223	0.1
Private sector	398,011,731	97.7	359,784,192	97.4
Companies	204,685,795	50.3	185,795,799	50.3
Real estate and construction activities	25,267,761	6.2	29,383,442	8.0
Retail	32,472,286	8.0	23,935,638	6.5
Services	19,082,600	4.7	17,994,363	4.9
Transportation and concession	17,257,010	4.2	14,185,413	3.8
Automotive	11,284,972	2.8	10,014,454	2.7
Food products	12,040,631	3.0	8,866,028	2.4
Wholesale	11,467,168	2.8	9,045,916	2.4
Production and distribution of electricity	4,784,015	1.2	7,360,804	2.0
Iron and steel industry	7,698,444	1.9	7,001,290	1.9
Sugar and alcohol	6,907,858	1.7	7,042,811	1.9
Holding	3,872,935	1.0	3,539,364	1.0
Capital goods	3,385,548	0.8	3,740,520	1.0

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Pulp and paper	3,359,793	0.8	3,358,341	0.9
Chemical	3,534,785	0.9	3,464,871	0.9
Cooperative	2,657,072	0.7	3,007,516	0.8
Financial	2,611,622	0.6	2,988,105	0.8
Leisure and tourism	3,076,927	0.8	2,570,126	0.7
Textiles	2,038,464	0.5	1,848,748	0.5
Agriculture	1,824,795	0.4	1,870,938	0.5
Oil, derivatives and aggregate activities	1,824,116	0.4	1,787,235	0.5
Other industries	28,236,993	6.9	22,789,876	6.2
Individuals	193,325,936	47.5	173,988,393	47.1
Total	407,271,099	100.0	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)	% 2018 YTD (2)	% 2017 YTD (2)
	Installments past due	Installments not yet due	Total - non-performing loans	Performing loans				
AA	-	-	-	132,361,885	132,361,885	32.6	32.6	30.9
A	-	-	-	148,430,806	148,430,806	36.4	69.0	65.1
B	375,656	1,164,852	1,540,508	37,307,487	38,847,995	9.5	78.5	76.4
C	830,579	2,577,215	3,407,794	41,497,504	44,905,298	11.0	89.5	87.2
Subtotal	1,206,235	3,742,067	4,948,302	359,597,682	364,545,984	89.5		
D	818,566	1,759,840	2,578,406	6,827,577	9,405,983	2.3	91.8	90.7
E	801,283	1,571,846	2,373,129	3,664,618	6,037,747	1.5	93.3	92.8
F	1,306,894	1,144,297	2,451,191	4,282,658	6,733,849	1.7	95.0	93.9
G	1,070,767	962,224	2,032,991	1,361,359	3,394,350	0.8	95.8	94.7
H	5,757,734	4,570,082	10,327,816	6,825,370	17,153,186	4.2	100.0	100.0
Subtotal	9,755,244	10,008,289	19,763,533	22,961,582	42,725,115	10.5		
Total in 2018	10,961,479	13,750,356	24,711,835	382,559,264	407,271,099	100.0		
%	2.7	3.4	6.1	93.9	100.0			
Total in 2017	11,755,208	17,445,243	29,200,451	340,260,668	369,461,119			
%	3.2	4.7	7.9	92.1	100.0			

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

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

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

Notes to the Financial Statements of the Prudential Conglomerate

On December 31 - R\$ thousand

Level of risk	% Minimum provisioning required	Provision					Excess	Existing	% 2018 YTD (1)	% 2017 YTD (1)
		Minimum required		Total specific	Generic	Total				
		Installments past due	Specific Installments not yet due							
AA	-	-	-	-	-	-	-	-	-	-
A	0.5	-	-	-	742,154	742,154	93,330	835,484	0.6	0.6
B	1.0	3,756	11,649	15,405	373,074	388,479	37,125	425,604	1.1	1.1
C	3.0	24,917	77,316	102,233	1,244,925	1,347,158	114,321	1,461,479	3.3	3.3
Subtotal		28,673	88,965	117,638	2,360,153	2,477,791	244,776	2,722,567	0.7	0.7
D	10.0	81,857	175,984	257,841	682,758	940,599	524,650	1,465,249	15.6	15.6
E	30.0	240,385	471,554	711,939	1,099,385	1,811,324	2,832,218	4,643,542	76.9	76.9
F	50.0	653,447	572,149	1,225,596	2,141,329	3,366,925	2,275,234	5,642,159	83.8	83.8
G	70.0	749,537	673,557	1,423,094	952,951	2,376,045	1,004,431	3,380,476	99.6	99.6
H	100.0	5,757,734	4,570,082	10,327,816	6,825,370	17,153,186	-	17,153,186	100.0	100.0
Subtotal		7,482,960	6,463,326	13,946,286	11,701,793	25,648,079	6,636,533	32,284,612	75.6	75.6
Total in 2018									8.6	
%		21.5	18.7	40.2	40.1	80.3	19.7	100.0		
Total in 2017		8,284,457	8,542,906	16,827,363	12,695,067	29,522,430	6,895,477	36,417,907		
%		22.7	23.5	46.2	34.9	81.1	18.9	100.0		

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

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

Notes to the Financial Statements of the Prudential Conglomerate**g) Changes in allowance for loan losses**

	Years ended December 31 - R\$ thousand	
	2018	2017
- Specific provision (1)	16,827,363	22,468,102
- Generic provision (2)	12,695,067	10,754,921
- Excess provision (3) (4)	6,895,477	7,490,351
- Loans	6,895,477	4,429,361
- Guarantees provided (4)	-	3,060,990
Opening balance on December 31	36,417,907	40,713,374
Accounting for allowance for loan losses (Note 8h-1) (5)	18,257,518	25,078,983
Accounting for/reversal of provisions for guarantees provided (4)	-	(3,060,990)
Write-offs	(19,918,125)	(26,347,868)
Exchange variation	249,879	34,408
Closing balance on December 31	35,007,179	36,417,907
- Specific provision (1)	14,063,924	16,827,363
- Generic provision (2)	14,061,946	12,695,067
- Excess provision (3)	6,881,309	6,895,477

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

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

(3) The excess provision is recognized based on Management's experience and the expectation in relation to the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, when considered together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by Resolution No. 2,682/99. The excess provision per customer was classified according to the level of risk (Note 8f);

(4) Until December, 31, 2016, included the constitution of provision for guarantees provided, encompassing sureties, guarantees, credit letters, and standby letter of credit, which comprises the concept of "excess" provision that totaled R\$ 3,060,990 thousand. In accordance with Resolution No. 4,512/16, in the first quarter of 2017, part of this balance (R\$ 604,623 thousand) was allocated to a specific account under "Other Liabilities - Sundry" (Note 18b), and the remaining balance (R\$ 2,456,367 thousand) was allocated to "Excess Provision"; and

(5) Includes, on December 31, 2017, the formation of allowance for loan losses, in the amount of R\$ 2,456,367 thousand, as a result of the adequacy of the provision for guarantees provided, already mentioned in the previous item.

h) Allowance for Loan Losses expense net of amounts recovered

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

	Years ended December 31 - R\$ thousand	
	2018	2017
Amount recognized (1)	18,257,518	22,622,616
Amount recovered (2) (3)	(7,148,997)	(7,026,796)
Allowance for Loan Losses expense net of amounts recovered	11,108,521	15,595,820

(1) In the year ended on December 31, 2017, it refers to the formation of allowance for loan losses, in the amount of R\$ 25,078,983 thousand, excluding the portion related to the adequacy of the provision for guarantees provided, in the amount of R\$ 2,456,367 thousand (Note 8g);

(2) Classified in income from loans (Note 8j); and

(3) In the year ended on December 31, 2018, credit was granted for operations already written-off for losses, without the retention of risks and benefits, in the amount of R\$ 13,810,254 thousand (R\$ 7,866,440 thousand in 2017), whose sale value was R\$ 204,472 thousand (R\$ 88,226 thousand in 2017).

i) Changes in the renegotiated portfolio

	On December 31 - R\$ thousand	
	2018	2017
Opening balance on December 31	17,183,869	17,501,423
Amount renegotiated	15,193,567	16,185,863
Amount received	(9,472,888)	(10,108,040)
Write-offs	(5,761,336)	(6,395,377)
Closing balance on December 31	17,143,212	17,183,869
Allowance for loan losses	13,426,625	13,146,472
Percentage on renegotiated portfolio	78.3%	76.5%

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

Notes to the Financial Statements of the Prudential Conglomerate**j) Income from loans and leasing**

	Years ended December 31 - R\$ thousand	
	2018	2017
Discounted trade receivables and loans	45,389,872	47,484,746
Financing	15,599,858	16,511,812
Agricultural and agribusiness loans	1,964,890	1,706,809
Subtotal	62,954,620	65,703,367
Recovery of credits charged-off as losses	7,148,997	7,026,796
Subtotal	70,103,617	72,730,163
Leases, net of expenses	258,200	270,647
Total	70,361,817	73,000,810

k) Conciliation of the composition of the portfolio of financial leasing, at present value, with the accounting balances (Notes 3g and 8b):

	Years ended December 31 - R\$ thousand	
	2018	2017
Financial Leases Receivables	1,905,943	2,203,621
Unearned income from leases	(1,870,244)	(2,146,039)
Financial leased assets, plus lease losses (net)	5,249,325	6,057,054
Accrued depreciation on asset finance leasing:	(1,706,575)	(2,180,926)
- Accumulated depreciation	(2,676,861)	(3,313,851)
Difference in depreciation	970,286	1,132,925
Prepaid guaranteed residual value (Note 18b)	(1,488,587)	(1,683,851)
Total present value	2,089,862	2,249,859

9) OTHER RECEIVABLES**a) Foreign exchange portfolio**

Balances

	On December 31 - R\$ thousand	
	2018	2017
Assets – other receivables		
Exchange purchases pending settlement	16,843,467	13,631,205
Foreign exchange and forward documents in foreign currencies	36,149	8,185
Exchange sale receivables	3,583,992	3,816,306
(-) Advances in domestic currency received	(283,780)	(176,370)
Income receivable on advances granted	279,978	190,273
Total	20,459,806	17,469,599
Liabilities – other liabilities		
Exchange sales pending settlement	3,593,445	3,854,054
Exchange purchase payables	16,205,817	13,228,153
(-) Advances on foreign exchange contracts	(14,247,084)	(9,430,404)
Other	2,206	2,821
Total	5,554,384	7,654,624
Net foreign exchange portfolio	14,905,422	9,814,975
Off-balance-sheet accounts:		
- Loans available for import	361,594	294,229
- Confirmed exports loans	70,391	62,537

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Notes to the Financial Statements of the Prudential Conglomerate

Foreign exchange results

Adjusted foreign exchange results for presentation purposes