



# Press Release

## ➤ Main Information

4Q18

### Recurring Net Income

**“R\$ 5.8 billion”**  
+ 6.6% in the quarter  
+ 19.9% in 12 months

### Profitability

“Return on Average Equity  
**19.7%**”  
(Net Income for the Quarter)

### Market Capitalization

**“R\$ 242.6 billion”**  
+ 33.2% in the quarter  
+ 21.0% in 12 months

R\$ million (unless otherwise stated)	4Q18	3Q18	4Q17	12M18	12M17	Variation% (unless otherwise stated)		
						4Q18 x 3Q18	4Q18 x 4Q17	12M18 x 12M17
<b>Result</b>								
Recurring Net Income <sup>(1)</sup>	5,830	5,471	4,862	21,564	19,024	6.6	19.9	13.4
Net Interest Income	16,781	15,749	15,813	63,300	63,102	6.6	6.1	0.3
Expanded ALL <sup>(2)</sup>	(3,685)	(3,512)	(5,405)	(14,526)	(20,644)	4.9	(31.8)	(29.6)
Fee and Commission Income	8,384	8,072	8,062	32,406	30,810	3.9	4.0	5.2
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	19,187	17,588	21,192	72,568	76,289	9.1	(9.5)	(4.9)
<b>Statement of Financial Position</b>								
Total Assets <sup>(3)</sup>	1,386,010	1,356,748	1,298,328	1,386,010	1,298,328	2.2	6.8	6.8
Loans - Expanded Loan Portfolio <sup>(4)</sup>	531,615	523,431	492,931	531,615	492,931	1.6	7.8	7.8
- Individuals	194,723	186,159	175,469	194,723	175,469	4.6	11.0	11.0
- Companies	336,892	337,272	317,462	336,892	317,462	(0.1)	6.1	6.1
Shareholders' Equity	121,121	115,670	110,457	121,121	110,457	4.7	9.7	9.7
Assets under Management	2,138,932	2,089,070	1,987,487	2,138,932	1,987,487	2.4	7.6	7.6
<b>Highlights</b>								
Annualized Return on Average Equity (ROAE) - % <sup>(5)</sup>	19.7	19.0	18.0	19.0	18.1	0.7 p.p.	1.7 p.p.	0.9 p.p.
Efficiency Ratio (ER) - % <sup>(6)</sup>	51.8	50.6	50.5	50.9	50.0	1.2 p.p.	1.3 p.p.	0.9 p.p.
Recurring Net Income per Share (in the last 12 months) - R\$ <sup>(7)</sup>	3.22	3.08	2.84	3.22	2.84	4.5	13.4	13.4
Market Capitalization <sup>(8)</sup>	242,606	182,110	200,521	242,606	200,521	33.2	21.0	21.0
Interest on Shareholders' Equity - Net	1,648	1,526	2,216	6,204	6,123	8.0	(25.6)	1.3
Delinquency Ratio (> 90 days <sup>(9)</sup> / Loan Portfolio) - %	3.5	3.6	4.7	3.5	4.7	(0.1) p.p.	(1.2) p.p.	(1.2) p.p.
Tier I Capital - %	13.7	12.2	13.1	13.7	13.1	1.5 p.p.	0.6 p.p.	0.6 p.p.

(1) According to the non-recurring events described on page 5 of this Economic and Financial Analysis Report;

(2) Includes provision for sureties, guarantees, income from credit recoveries, discounts granted, result with BNDU (assets not for own use) and impairment of financial assets;

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

(4) Besides the Loan portfolio – Central Bank of Brazil (Bacen) concept includes sureties, guarantees, credit letters, advances on credit card receivables, debentures, promissory notes, co-obligations in real estate receivable certificates and rural credit;

(5) It excludes the asset evaluation adjustments recorded under the Shareholders' Equity;

(6) It takes into account changes in methodology of calculation, for more information see page 6;

(7) For comparison purposes, shares were adjusted in accordance with bonuses and stock splits occurred in the periods;

(8) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period's last trading day; and

(9) Overdue loans.

## ► Recurring Net Income vs. Book Net Income

Below is a comparison between the main non-recurring events that affected the net income in the period:

R\$ million	4Q18	3Q18	4Q17	12M18	12M17
<b>Recurring Net Income</b>	<b>5,830</b>	<b>5,471</b>	<b>4,862</b>	<b>21,564</b>	<b>19,024</b>
<b>Non-Recurring Events</b>	<b>(750)</b>	<b>(462)</b>	<b>(1,069)</b>	<b>(2,479)</b>	<b>(4,365)</b>
- Goodwill amortization (Gross)	(375)	(381)	(600)	(1,976)	(2,302)
- Special Voluntary Severance Program Scheme – PDVE	-	-	-	-	(1,262)
- Impairment of Non-Financial Assets <sup>(1)</sup>	(514)	-	(278)	(514)	(325)
- Reversal of Complementary Reserve for Coverage <sup>(2)</sup>	288	-	-	288	-
- Other <sup>(3)</sup>	(149)	(81)	(191)	(277)	(476)
<b>Book Net Income</b>	<b>5,080</b>	<b>5,009</b>	<b>3,793</b>	<b>19,085</b>	<b>14,659</b>

(1) In the 4Q18 and in 2018, it is substantially composed by impairments of: (i) softwares, in the amount of R\$212 million; (ii) goodwill of investments, in the amount of R\$59 million; (iii) real state, in the amount of R\$33 million; and (iv) hardware/equipment, in the amount of R\$19 million;

(2) Provision fully reversed in compliance with SUSEP Circular No. 517/15 and its amendments; and

(3) In 2018, it refers to: (i) in 4Q18: tax incentives, totaling R\$79 million; (ii) in 3Q18: “Concilia Rio” – program of debt settlement regarding municipal taxes (ISS, IPTU, ITBI, etc.) of the city of Rio de Janeiro, in the amount of R\$40 million; and (iii) contingent liabilities. Besides contingent liabilities, it includes in 2017: (i) in 4Q17: (a) special tax regulation program – PERT, totaling R\$49 million and (b) program of incentivized spread payment – PPI, totaling R\$ 62million; (ii) in 3Q17: (a) special tax regulation program – PERT, totaling R\$192 million, (b) opening of capital (IPO) IRB, in the amount of R\$149 million, and (c) reversion of the tax provision related to social security contributions – Odontoprev, totaling R\$101 million; and (iii) in 2Q17, regulatory change in Cielo totaling R\$210 million.

## ► Summarized Analysis of Recurring Income

For more information about the summarized analysis of recurring income presented as follows, see chapter “Economic and Financial Analysis” of this report.

Recurring Income Statement (R\$ million)	4Q18	3Q18	4Q17	12M18	12M17	Variation %		
						4Q18 x 3Q18	4Q18 x 4Q17	12M18 x 12M17
<b>Net Interest Income</b>	<b>16,781</b>	<b>15,749</b>	<b>15,813</b>	<b>63,300</b>	<b>63,102</b>	<b>6.6</b>	<b>6.1</b>	<b>0.3</b>
- NII - Interest Earning Portion	16,523	15,583	15,661	62,578	62,775	6.0	5.5	(0.3)
- NII - Non-Interest Earning Portion <sup>(1)</sup>	258	166	152	722	327	55.4	69.7	120.8
<b>Expanded ALL</b>	<b>(3,685)</b>	<b>(3,512)</b>	<b>(5,405)</b>	<b>(14,526)</b>	<b>(20,644)</b>	<b>4.9</b>	<b>(31.8)</b>	<b>(29.6)</b>
ALL Expenses	(4,495)	(4,857)	(5,414)	(18,320)	(22,799)	(7.5)	(17.0)	(19.6)
Income from Credit Recovery	1,546	2,529	1,593	7,174	7,053	(38.9)	(3.0)	1.7
Granted Discounts / Other <sup>(2)</sup>	(492)	(854)	(801)	(2,338)	(2,530)	(42.4)	(38.6)	(7.6)
Impairment of Financial Assets	(244)	(330)	(783)	(1,042)	(2,368)	(26.1)	(68.8)	(56.0)
<b>Gross Income from Financial Intermediation</b>	<b>13,096</b>	<b>12,237</b>	<b>10,408</b>	<b>48,774</b>	<b>42,458</b>	<b>7.0</b>	<b>25.8</b>	<b>14.9</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(3)</sup>	2,119	1,999	1,873	7,838	6,792	6.0	13.1	15.4
Fee and Commission Income	8,384	8,072	8,062	32,406	30,810	3.9	4.0	5.2
Personnel Expenses	(5,224)	(5,006)	(4,878)	(19,986)	(19,500)	4.4	7.1	2.5
Other Administrative Expenses	(5,395)	(5,093)	(5,340)	(20,291)	(20,122)	5.9	1.0	0.8
Tax Expenses	(1,844)	(1,704)	(1,758)	(7,200)	(6,944)	8.2	4.9	3.7
Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries	79	41	30	195	192	92.7	163.3	1.6
Other Operating Income / (Expenses)	(2,611)	(2,119)	(1,923)	(8,891)	(7,393)	23.2	35.8	20.3
<b>Operating Income</b>	<b>8,604</b>	<b>8,427</b>	<b>6,474</b>	<b>32,845</b>	<b>26,293</b>	<b>2.1</b>	<b>32.9</b>	<b>24.9</b>
Non-Operating Income	22	(17)	(16)	(21)	(127)	(229.4)	-	(83.5)
Income Tax / Social Contribution	(2,742)	(2,897)	(1,543)	(11,031)	(6,853)	(5.4)	77.7	61.0
Non-controlling interests in subsidiaries	(54)	(42)	(53)	(229)	(289)	28.6	1.9	(20.8)
<b>Recurring Net Income</b>	<b>5,830</b>	<b>5,471</b>	<b>4,862</b>	<b>21,564</b>	<b>19,024</b>	<b>6.6</b>	<b>19.9</b>	<b>13.4</b>

(1) Includes impairment of financial assets without characteristic of credit;

(2) Includes the result with BNDU and provision for sureties and guarantees; and

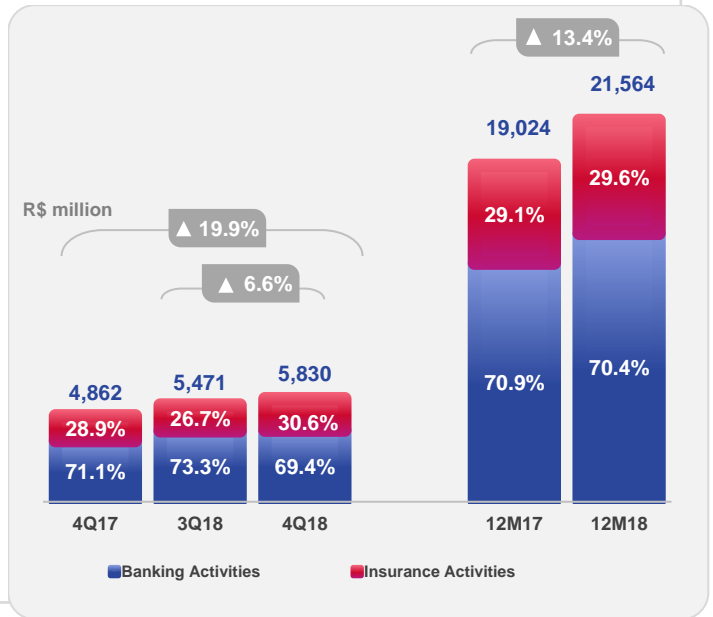
(3) Income from Insurance, Pension Plans and Capitalization Bonds = Retained Premiums from Insurance, Pension Plans and Capitalization Bonds - Variation in technical reserves for Insurance, Pension Plans and Capitalization Bonds - Retained Claims - Capitalization Bond Draws and Redemptions - Insurance Plan, Pension Plan and Capitalization Bond Selling Expenses.



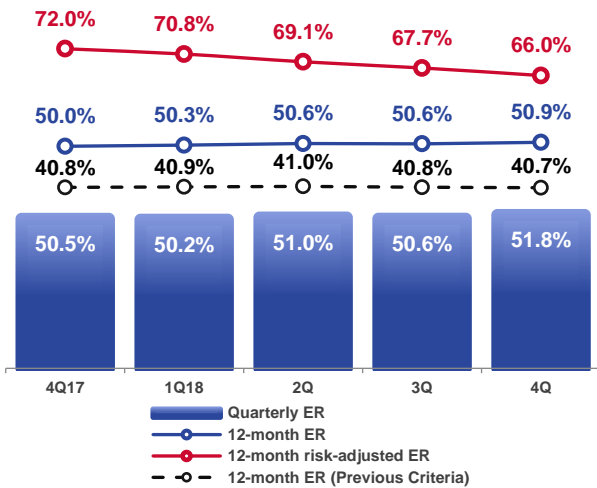
## ► Summarized Analysis of Recurring Income

### Recurring Net Income

In 4Q18, we reached a return on the Average Adjusted Shareholders' Equity (ROAE) of 19.7% in this quarter, the highest index in eleven quarters. The net income increase reflects a good performance of the operating income that was driven mainly by a good performance of the net interest income and the behavior of ALL expenses (Expanded), but also by the positive performance from the revenues of fee and commission income and of insurance, pension plans and capitalization bonds in the quarter-over-quarter comparison (4Q18 x 3Q18) as well as in comparison with the same period of the previous year (4Q18 x 4Q17). The behavior of the operating expenses shows the good directing and expenditures control. In relation to 4Q17, we emphasize a significant decrease of 31.8% in Expanded ALL, in a scenario where there is a growth of the loan portfolio, which increased 7.8% in the year, highlighting the operations with Individuals that increased 11% in the same period.



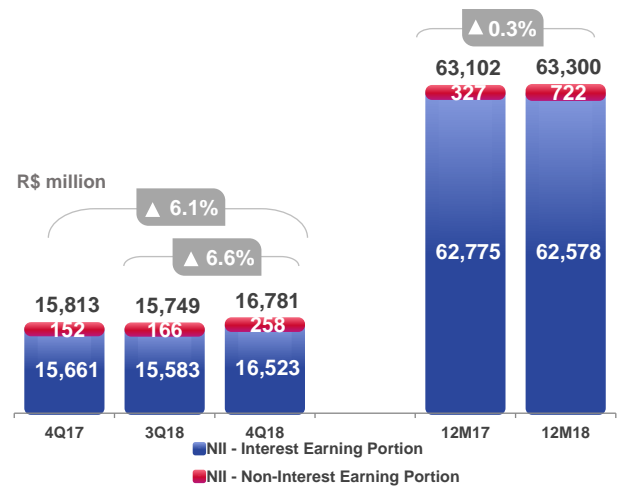
### Efficiency Ratio (ER)



In order to improve our indicators, as of this quarter we changed the ER<sup>(1)</sup> calculation methodology. The important change in the revenue of the net interest income, the highest fee and commission income and the highest result in insurance, pension plans and capitalization bonds, positively affected this indicator, in the quarterly comparison and accrued in 12 months, however, this improvement was impacted by the higher constitution of tax provisions and the increase in tax expenses. We, once again, calculated an improvement in the risk adjusted ER (in 12 months) due to the aforementioned factors, in addition to the significant decrease in Expanded ALL.

(1) New ER calculation = (Personnel Expenses + Administrative Expenses + Other Operating Expenses, net of Income) + (Expenses with Expanded ALL) - Risk-adjusted / (Net Interest Income + Fee and Operating Income + Insurance results + Equity income of Affiliated Companies + Tax Expenses).

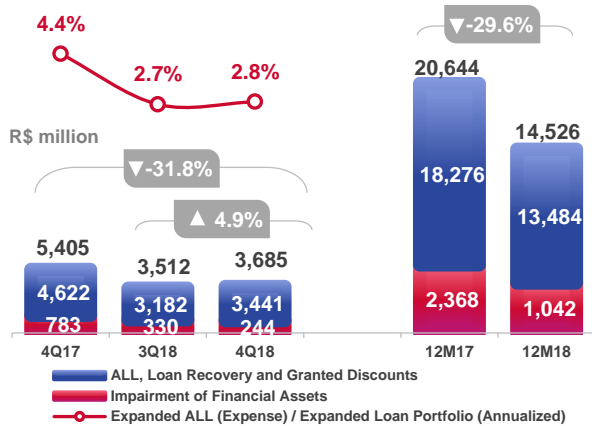
### Net Interest Income



The performance of all lines (Credit Intermediation, Insurance and ALM/Other), contributed to the good performance of the net interest income – interest earning portion presented in the quarters, which reflects a higher efficiency relating to the Organization's asset and liability management and average volume growth in business.

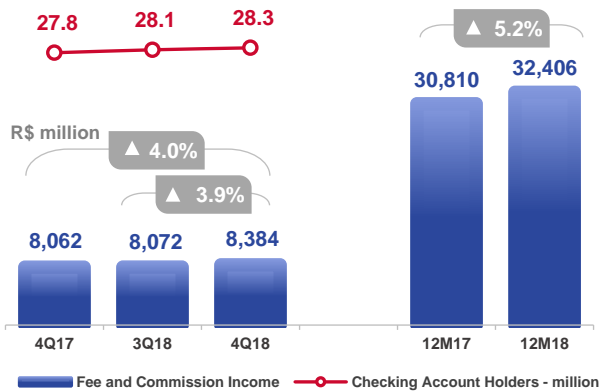
## ► Summarized Analysis of Recurring Income

### Expanded ALL (Expenses)



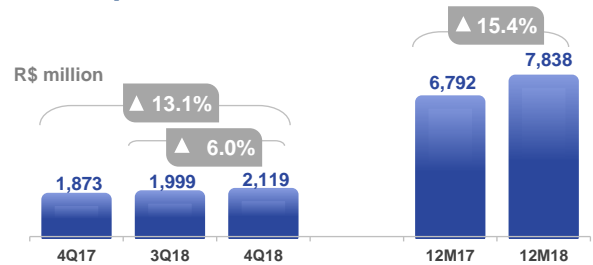
In the 4Q17 comparison, the strong decrease in the Expanded ALL is related to the quality improvement of the loan portfolio and lower expenses with impairment of financial assets, which meant that the ration between the expenses and the loan portfolio decreased from 4.4% to 2.8% in the period, due to the improvement in the loan granting and recovery processes. In relation to the 3Q18, the ALL (Gross) behavior reflects the loan portfolio increase. We further highlight that our ALL expenses ended 2018 in the center of the estimated guidance.

### Fee and Commission Income



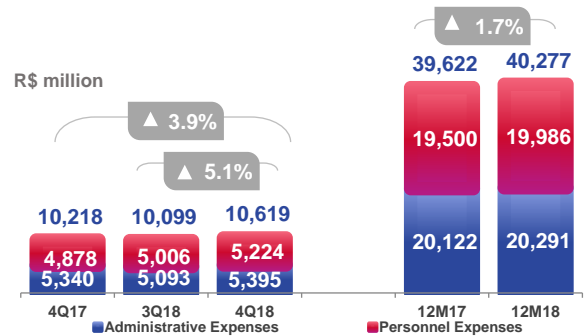
In the previous quarter and 4Q17 comparisons, the revenues from fee and commission income showed an increase in the majority of the lines, with emphasis on checking account, loans operations, card income, consortium management and custody and brokerage services. We emphasize that the performance is related to the increase in the volume of operations, reflecting the greater offer of products and services to the clients and synergy gains we captured with the acquisition of HSBC Brasil. It is important to highlight that, as consequence, we reached the expected guidance for 2018.

### Income from Insurance, Pension Plans and Capitalization Bonds



In the quarterly and annual comparison, the increase reflects the improvement of claim and expense ratios, highlighting the segments of "Health", "Life and Pension" and "Auto P&C", and compared with the previous quarter, we further highlight the revenue increase, mainly due to the development of "Life and Pension" products. It is important to highlight that the Liability Adequacy Test (TAP) had no effect on the result at the end of December, since the added value of the held to maturity securities was higher than the need for additional provision, according to Susep Circular No. 543/16.

### Operating Expenses (Personnel and Administrative)



**Personnel Expenses** – even considering the effects of the collective bargaining of 2018/2019 (readjustment of 5%), the increase of expenses with labor lawsuits and Profit Sharing (PLR), our total expenses presented an annual evolution (12M17 x 12M18) below the inflation adjustments. In the quarterly comparisons, the increments reflect, in addition to the effects of the collective bargaining already mentioned, the increase of expenses on Profit Sharing (PLR), which increased 16.7% in relation to 3Q18 and 32.5% in relation to 4Q17, as a result of the increase of net income.

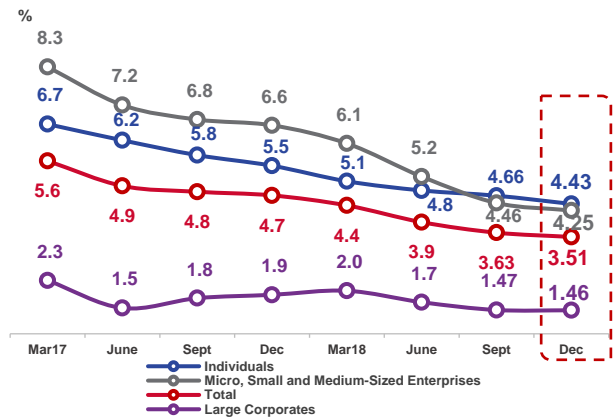
**Administrative Expenses** – in relation to the 4Q17, the expenses showed a good performance, especially considering inflation in the period. Highlighting the decrease in expenses on asset maintenance, communication and security and surveillance, that reflects the adjustments made, as well as the synergies of the acquisition of HSBC Brasil and the strategy for optimization of customer service aspects. The increase in expenses in the periods derives from the greater volume of businesses and services and higher expenses with advertising and marketing, related to the institutional positioning and more investments in technology, which impact the expenses of depreciation and amortization.

## ► Summarized Analysis of Recurring Income

### Expanded Loan Portfolio

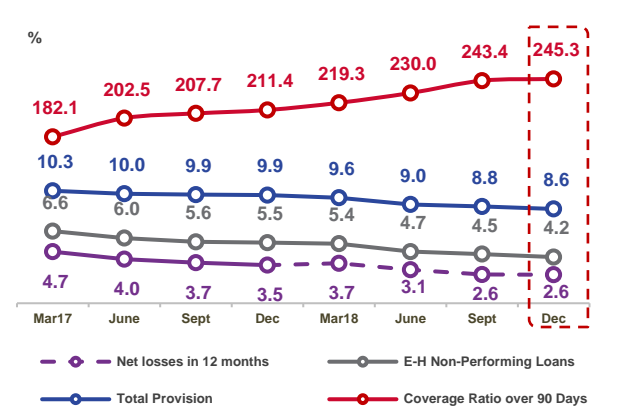
R\$ million	Dec18	Sept18	Dec17	Variation %		As % of Dec18
				Dec18 x Sept18	Dec18 x Dec17	
<b>Companies</b>	<b>336,892</b>	<b>337,272</b>	<b>317,462</b>	<b>(0.1)</b>	<b>6.1</b>	<b>63.4</b>
Large Corporates	235,329	238,896	225,248	(1.5)	4.5	44.3
Micro, Small and Medium-Sized Enterprises	101,563	98,376	92,214	3.2	10.1	19.1
<b>Individuals</b>	<b>194,723</b>	<b>186,159</b>	<b>175,469</b>	<b>4.6</b>	<b>11.0</b>	<b>36.6</b>
Payroll-deductible Loans	50,932	48,572	43,968	4.9	15.8	9.6
Real Estate Financing	38,284	37,051	33,687	3.3	13.6	7.2
Credit Card	35,850	33,150	34,437	8.1	4.1	6.7
CDC / Vehicle Leasing	23,696	22,643	20,784	4.7	14.0	4.5
Personal Loans	19,874	19,247	16,877	3.3	17.8	3.7
Other	26,087	25,496	25,716	2.3	1.4	4.9
<b>Expanded Loan Portfolio</b>	<b>531,615</b>	<b>523,431</b>	<b>492,931</b>	<b>1.6</b>	<b>7.8</b>	<b>100.0</b>
		<b>Without exchange variation</b>		<b>1.8</b>	<b>6.7</b>	

### Delinquency Ratio over 90 days



For the seventh consecutive quarter, the delinquency ratio showed a decrease, reflecting the better quality of the new captures and adjustments in the loan granting and credit recovery processes. All the segments showed an improvement in index since the beginning of 2018, particularly the segments of micro, small and medium-sized enterprises, and of individuals. Since the peak of delinquency in March 2017, the total index experienced a decrease of 2.1 p.p..

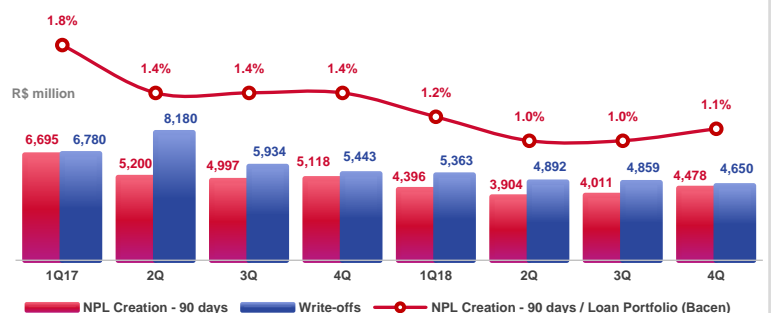
### Coverage Ratio over 90 days



The coverage ratio presented a growth, reaching 245.3%, due to the lower delinquency ratio. Our net loss estimated for December 2018 point to 2.6%, and keep the downward trend shown in the E-H Non-Performing operations. Our level of provisioning concerning the loan portfolio reflects the quality improvement of our operations and the models of provisioning improvement, which are based on statistical models that capture historical, actuarial and prospective data.

### NPL Creation – 90 days vs. Write-offs

The total NPL Creation in relation to the loan portfolio is still in a low level, highlighting that the individuals portfolio showed an improvement in the indicator of the quarter. The slight increase in the quarter was mainly due to micro, small and medium-sized enterprise operations.



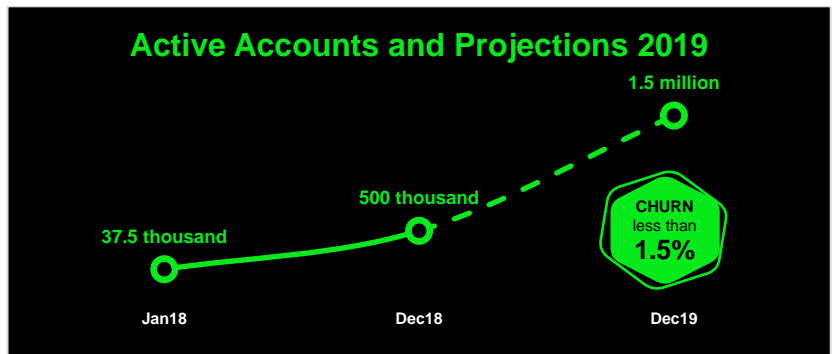
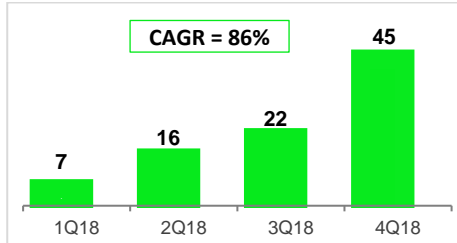
## Digital in Figures



Developed as a 100% stand-alone digital bank platform, whose main objective is to complement the Bradesco Organization's ecosystem of solutions, Next was officially launched to the market on October 30, 2017. The data below shows the important evolutions related to the conquests of clients and to the volumes that are transacted on this new platform.

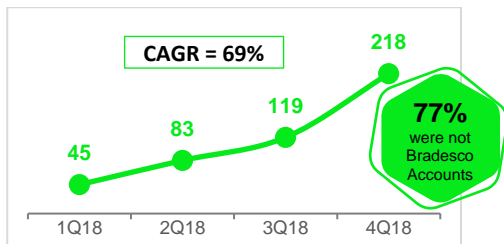
### Amount of transactions

In millions



### Opening of New Accounts

In thousand



At the end of the fourth quarter, Next had more than 500 thousand active accounts, predominantly addressing a new market. The churn, since the launch, has less than 1.5%.

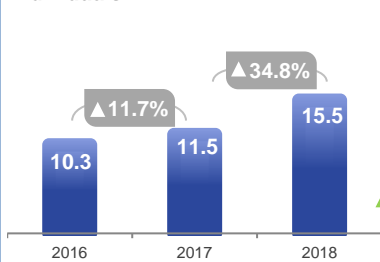
At the end of November 2018, we reached 5 thousand opened accounts per day. In the 4Q18, when we reached 45 million transactions (a volume 50% higher than the one performed in the previous quarter), we can see that, in addition to opening accounts, our clients are becoming more and more engaged with Next's value proposition.

## Digital Channels

In the Digital Channels, we highlight the growth in volume of the loans authorized in 2018, mainly observing the evolutions of the mobile channel, whose authorized credits grew 103%. These evolutions are related to the implantation of new features of this channel, such as the options of anticipation of the 13th salary and income tax rebate. In companies, the new features related to working capital and deduction of receivables, also boosted the authorizations of loans using the Channel, resulting in a 29% growth in the year.

### Loans authorized in the Digital Channels – R\$ billion

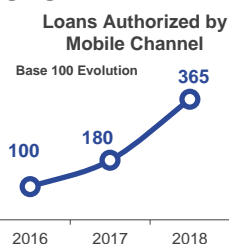
#### Individuals



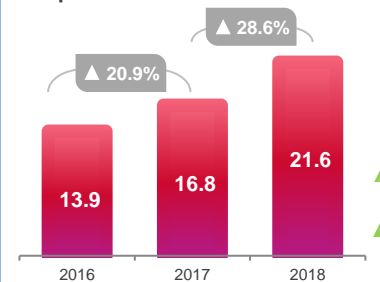
#### Highlights

**Loans Authorized by Product**  
2018 x 2017

- ▲ Personal Loans +22% (origination of R\$12.1 bi)
- ▲ Payroll-deductible loans +108% (origination of R\$3.4 bi)



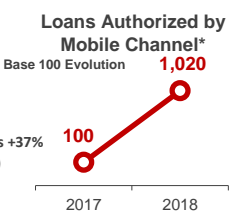
#### Companies



#### Highlights

**Loans Authorized by Product**  
2018 x 2017

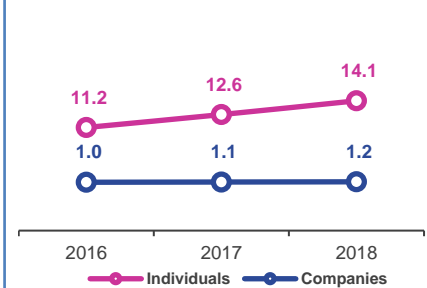
- ▲ Discount +30% (origination R\$15.8 bi)
- ▲ Advance Payment to Suppliers +37% (origination of R\$4.8 bi)



\* Mobile companies was launched in Sept17.

### Digital Account Holders

In millions



**15.3 MM**  
Clients  
WITH A  
DIGITAL  
PROFILE

**78 thousand**  
new  
accounts were opened  
in 2018  
via Mobile  
App



## ► Main Economic Indicators

Main Indicators (%)	4Q18	3Q18	4Q17	12M18	12M17
Interbank Deposit Certificate (CDI)	1.54	1.59	1.76	6.42	9.93
Ibovespa	10.77	9.04	2.84	15.03	26.86
USD – Commercial Rate	(3.22)	3.84	4.42	17.13	1.50
General Market Price Index (IGP-M)	(0.69)	2.75	1.62	7.54	(0.52)
Extended Consumer Price Index (IPCA)	0.39	0.72	1.14	3.75	2.95
Business Days (#)	62	64	61	250	249
Calendar Days (#)	92	92	92	365	365
Indicators (Closing Rate)					
USD – Commercial Selling Rate - (R\$)	3.8748	4.0039	3.3080	3.8748	3.3080
5 years CDS (Points)	208	263	162	208	162
Selic - Base Interest Rate (% p.a.)	6.50	6.50	7.00	6.50	7.00
BM&F Fixed Rate (% p.a.)	6.55	7.95	6.86	6.55	6.86

## Bradesco's Projections up to 2021

%	2019	2020	2021
USD - Commercial Rate (year-end) - R\$	3.70	3.77	3.84
Extended Consumer Price Index (IPCA)	4.00	4.00	3.75
General Market Price Index (IGP-M)	3.53	4.25	4.17
Selic (year-end)	7.25	7.50	7.00
Gross Domestic Product (GDP)	2.80	3.00	3.00

## ► Guidance

### 2018

	Disclosed	Actual	
Expanded Loan Portfolio	3% to 7%	7.8% <small>(6.7% without exchange variation)</small>	✓
NII - Interest-Earning Portion	-4% to 0%	-0.3%	✓
Fee and Commission Income	4% to 8%	5.2%	✓
Operating Expenses (Administrative and Personnel Expenses)	-2% to 2%	1.7%	✓
Insurance Premiums	2% to 6%	-4.9%	✗
Expanded ALL - R\$ billion	R\$13 to R\$16	R\$14.5	✓

### 2019

Expanded Loan Portfolio	9% to 13%
Financial Margin	4% to 8%
Fee and Commission Income	3% to 7%
Operating Expenses (Administrative and Personnel Expenses)	0% to 4%
Income from Insurance, Pension and Capitalization Bond Operations <sup>(1)</sup>	5% to 9%
Expanded ALL - R\$ billion	R\$11.5 to R\$14.5

(1) It includes the financial income of the operation. The new way of presenting the guidance better reflects the performance in the insurance activities.

Our perspectives for 2019 consider the new managerial allocations in the recurring income statement that will be applied as of the first quarter of 2019, and they are shown on the following pages.

This Economic and Financial Analysis Report contains forward-looking statements related to our business. Such statements are based on Management's current expectations, estimates and projections concerning future events and financial trends that may affect our business. However, the forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may be beyond our control. In addition, certain forward-looking statements, such as the guidance for example, are based on assumptions, which depending on future events, may not prove accurate. Thus, the actual results may differ significantly from the plans, objectives, expectations, forecasts and intentions expressed or implied in such forward-looking statements. The factors that can modify the actual results include changes in business and economic conditions, changes in interest rates, inflation, loss of the ability to capture deposits, and loss of clients or of income, among others.



## ► Reclassification in Recurring Income Statement and changes in Net Interest Income

As a result of the internal improvement of the results assessments process, as of the first quarter of 2019, we shall hold new managerial allocations in the recurring income statement and changes in the breakdown of the net interest income.

The performance analysis by the Management, as well as the information provided to the market, which will contemplate the adjustments below:

In the **Net Interest Income** Analysis, the "NII - Interest Earning Portion" and "NII - Non-Interest Earning Portion" installments are now analyzed in a unique way, allocated in "Client Portion" and "Market Portion". The insurance portion (financial income of the operation) will be shown along with the "Income from Insurance, Pension Plans and Capitalization Bonds" in the recurring income statement.

In addition to the breakdown of the net interest income adjustments, we will make other reclassifications from **Other Operating Income / (Expenses)**, according to the following:

- **Net Interest Income:** the expenses related to the acquisition of right on services provided to clients will be considered, such as amortization of the payroll and the expenses with monetary restatement of contingent liabilities;
- **ALL expenses:** which now includes other expenses related to losses of credit; and
- **Fee and Commission Income:** which now contains other income related to the commercialization of the consortium products.

For a better view of the effects of the adjustments above, we present below, our recurring income statement considering the reclassifications in the year of 2018:

R\$ million	12M18 Reclassifications			Reclassified Recurring Income Statement
	Recurring Income Statement	Insurance Net Interest Income	Other Operating Income / Expenses	
<b>Net Interest Income</b>	<b>63,300</b>	<b>(5,283)</b>	<b>(2,261)</b>	<b>55,756</b>
Expanded ALL	(14,526)	-	(229)	(14,755)
<b>Gross Income from Financial Intermediation</b>	<b>48,774</b>	<b>(5,283)</b>	<b>(2,490)</b>	<b>41,001</b>
Income from Insurance, Pension Plans and Capitalization Bonds	7,838	5,283	-	13,121
Fee and Commission Income	32,406	-	208	32,614
Personnel Expenses	(19,986)	-	-	(19,986)
Other Administrative Expenses	(20,291)	-	-	(20,291)
Tax Expenses	(7,200)	-	-	(7,200)
Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries	195	-	-	195
Other Operating Income / (Expenses)	(8,891)	-	2,282	(6,609)
<b>Operating Income</b>	<b>32,845</b>	<b>-</b>	<b>-</b>	<b>32,845</b>
Non-Operating Income	(21)	-	-	(21)
Income Tax / Social Contribution and Non-controlling interests in subsidiaries	(11,260)	-	-	(11,260)
<b>Recurring Net Income</b>	<b>21,564</b>	<b>-</b>	<b>-</b>	<b>21,564</b>

## ► Reclassification in Recurring Income Statement and changes in Net Interest Income

### Recurring Income Statement – Reclassified Historical Series

(R\$ million)	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
<b>Net Interest Income</b>	<b>14,774</b>	<b>13,953</b>	<b>13,507</b>	<b>13,522</b>	<b>13,809</b>	<b>13,358</b>	<b>14,377</b>	<b>14,035</b>
Client Portion <sup>(1)</sup>	11,884	11,887	11,694	11,264	11,725	11,734	12,139	12,395
Market Portion <sup>(2)</sup>	2,890	2,066	1,813	2,258	2,084	1,624	2,238	1,640
<b>Expanded ALL</b>	<b>(3,786)</b>	<b>(3,543)</b>	<b>(3,491)</b>	<b>(3,935)</b>	<b>(5,456)</b>	<b>(4,663)</b>	<b>(5,438)</b>	<b>(5,345)</b>
ALL Expenses	(4,495)	(4,857)	(4,369)	(4,599)	(5,414)	(4,955)	(6,534)	(5,896)
Income from Credit Recovery	1,546	2,529	1,652	1,447	1,593	1,838	2,081	1,541
Granted Discounts / Other	(593)	(885)	(561)	(528)	(852)	(789)	(577)	(570)
Impairment of Financial Assets	(244)	(330)	(213)	(255)	(783)	(757)	(408)	(420)
<b>Gross Income from Financial Intermediation</b>	<b>10,988</b>	<b>10,410</b>	<b>10,016</b>	<b>9,587</b>	<b>8,353</b>	<b>8,695</b>	<b>8,939</b>	<b>8,690</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	3,542	3,231	3,221	3,127	3,347	3,012	2,792	3,126
Fee and Commission Income	8,434	8,123	8,171	7,886	8,120	7,874	7,546	7,480
Personnel Expenses	(5,224)	(5,006)	(4,927)	(4,829)	(4,878)	(4,833)	(4,967)	(4,822)
Other Administrative Expenses	(5,395)	(5,093)	(4,993)	(4,810)	(5,340)	(5,030)	(4,898)	(4,854)
Tax Expenses	(1,844)	(1,704)	(1,831)	(1,821)	(1,758)	(1,696)	(1,718)	(1,772)
Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries	79	41	48	27	30	42	62	58
Other Operating Income / (Expenses)	(1,976)	(1,575)	(1,561)	(1,497)	(1,400)	(1,312)	(1,278)	(1,318)
<b>Operating Income</b>	<b>8,604</b>	<b>8,427</b>	<b>8,144</b>	<b>7,670</b>	<b>6,474</b>	<b>6,752</b>	<b>6,478</b>	<b>6,588</b>
Non-Operating Income	22	(17)	(17)	(9)	(16)	(25)	(34)	(52)
Income Tax / Social Contribution	(2,742)	(2,897)	(2,909)	(2,483)	(1,543)	(1,771)	(1,699)	(1,839)
Non-controlling interests in subsidiaries	(54)	(42)	(57)	(76)	(53)	(146)	(41)	(49)
<b>Recurring Net Income</b>	<b>5,830</b>	<b>5,471</b>	<b>5,161</b>	<b>5,102</b>	<b>4,862</b>	<b>4,810</b>	<b>4,704</b>	<b>4,648</b>

(1) It relates to the result of operations made with assets (credit and other) and liabilities sensible to spreads. The result calculation of the assets sensible to spreads considers the original rate of the deducted operations from the internal funding cost and the liabilities result represents the difference between the cost of raising funds and the transfer rate of these funds;

(2) Composed by Assets and Liabilities Management (ALM), Trading and Working Capital; and

(3) It includes the financial income of the operation.