



Banco Bradesco S.A. (BBD)

Updated March 23rd, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$2.23	5 Year CAGR Estimate:	6.5%	Market Cap:	\$22.1 B
Fair Value Price:	\$2.21	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	06/07/2025
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.2%	Dividend Payment Date:	07/11/2025
Dividend Yield:	7.6%	5 Year Price Target	\$2.21	Years Of Dividend Growth:	N/A
Dividend Risk Score:	F	Retirement Suitability Score:	N/A	Rating:	Hold

Overview & Current Events

Banco Bradesco offers various banking products and financial services to individuals, corporations, and businesses in Brazil and internationally. The company's two main segments are banking and insurance, including checking and savings accounts, demand deposits, and time deposits, as well as accident and property insurance products, and investment products. The company generates around \$34 billion in total interest income and is headquartered in Osasco, Brazil. All financials have been converted to USD unless otherwise specified.

On February 6th, 2025, Banco Bradesco released its FY2024 results for the period ending December 31st, 2024. For the year, the banking segment's net interest income reached approximately \$13.1 billion, a 2.3% decline year-over-year in USD terms. The decline was primarily driven by lower client NII, which continues to reflect a shift in the credit mix toward lines with lower spreads, despite the benefit of increased collateralization and secured loan growth.

Management highlighted that although market NII dropped sharply, improved credit quality and margin on deposits contributed to stability. Income from insurance operations improved, with operating income rising to \$3.9 billion, up 7.5% year-over-year. The insurance segment posted a recurring net income of \$1.8 billion, nearly flat compared to 2023, supported by improved claims ratios and stronger financial income. Recurring net income for the full year came in at \$3.9 billion, representing a 20% increase over 2023. This result was bolstered by lower credit costs (down 29% y/y), improved asset quality, and gains in fee and commission income, while still navigating elevated operating expenses tied to transformation initiatives. EPS for the year came in at \$0.26, down from \$0.28 in 2023.

We are forecasting FY2025 EPS of \$0.34, assuming higher net interest income and insurance income due to elevated interest rates. Still, we remain cautious due to the possibility of the Brazilian Real depreciating against the dollar.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.43	\$0.51	\$0.48	\$0.40	\$0.49	\$0.29	\$0.39	\$0.38	\$0.28	\$0.26	\$0.34	\$0.34
DPS	\$0.18	\$0.25	\$0.31	\$0.25	\$0.61	\$0.14	\$0.15	\$0.13	\$0.18	\$0.17	\$0.17	\$0.17
Shares¹	8,839	8,836	8,836	8,836	8,836	8,835	9,689	10,657	10,642	10,614	10,614	11,000

Banco Bradesco's EPS has been improving gradually in constant currency but is shown as flat or reduced over the years when converted into USD due to BRL/USD depreciation. At the end of 2024, the company reported its loan portfolio was worth R\$981.7 billion (\$171.38 billion), up 4.0% sequentially, and up 11.9% year-over-year. Further, the company's client base in its AGORA digital investment brokerage app grew by 21.9% to 1.2 million, with \$18.8 billion of invested funds. While we would typically price in positive growth in the company's EPS results, especially given the notable growth in the company's brokerage app, such growth could be wiped once again by FX changes.

Dividend payments are made on a monthly basis, which is quite rare for an international company. The company usually pays around \$0.0033 per share each month (\$0.0456/year), coupled with a couple of special dividends per year, which define the final amount. Note that the company had consecutively grown its dividend annually from 2012 to 2019, but

¹ Share count in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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again, FX changes have distorted that amount. The annual dividend should be higher than our current DPS entry, which only includes the base monthly dividend. Due to the special payouts being unpredictable, we don't forecast them.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.7	10.8	12.1	13.5	13.2	11.8	10.9	9.2	10.6	10.7	6.6	6.5
Avg. Yld.	3.0%	3.7%	4.5%	3.9%	7.8%	3.5%	3.2%	3.8%	6.2%	4.3%	7.6%	7.7%

Banco Bradesco's historical P/E has been quite stable over the year, hovering in the mid-teens. On the one hand, the company's modest growth and monthly payouts, which provide rather predictable returns, could suggest a valuation appreciation potential. The current, elevated interest rates should boost its interest income and insurance results as well. On the other hand, due to the company being based outside of the U.S. (lack of shareholder-interest prioritization, different reporting standards, etc.,) and the prospect of a weakening BRL rightfully drags the valuation lower. Thus, we consider the stock fairly priced at its current valuation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	42%	49%	65%	64%	124%	48%	38%	34%	65%	65%	50%	50%

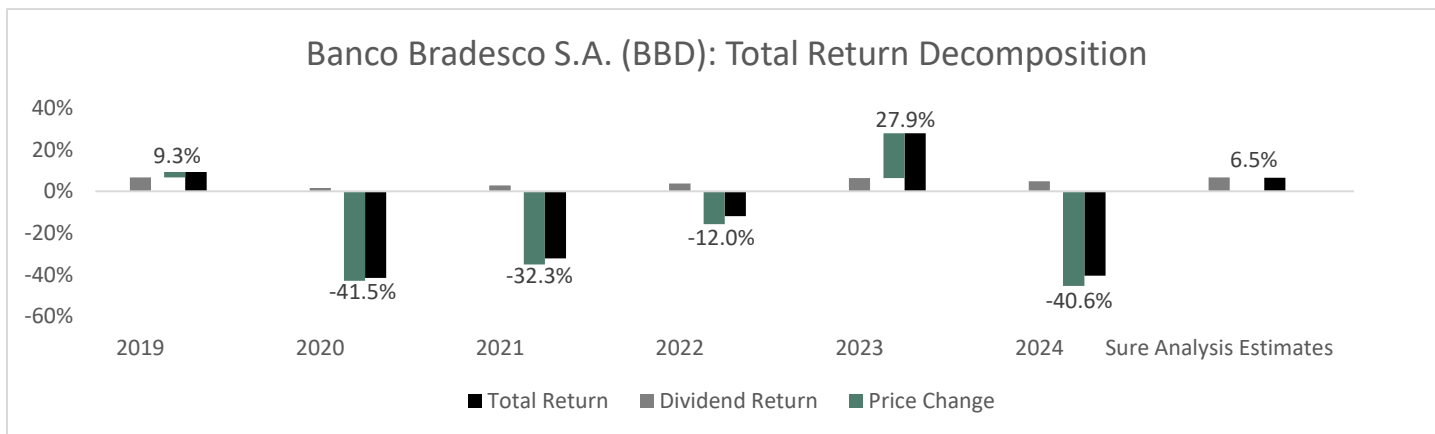
While Banco Bradesco's dividend is not consistent and will continue to vary based on the company's underlying results and FX changes, a base level (\$0.0033/month) should be considered quite safe, being well-covered by the company's cash from operations. The company continued to pay its base monthly rate even under the Great Financial Crisis, despite its financials suffering along with the rest of its sector.

The company's Basel ratio currently stands at 12.4% (the minimum capital ratio banks must maintain to ensure solvency is 8%), which makes for a healthy capital structure. Liquidity coverage stands at 141.1%, also ample to ensure available funds if needed.

Final Thoughts & Recommendation

Banco Bradesco S.A. is a well-managed financial services company. In its original Sao Paulo listing, shares have delivered investors positive returns over the years when valued in constant currency. Still, for American investors, the company's underlying growth has been wiped out by the continuous depreciation of BRL/USD – hence our neutral estimates. We appreciate the monthly dividend and project annualized returns of 6.5% through 2030. Still, we anticipate no growth in the bank's financials. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	26,813	28,953	20,314	27,785	28,509	24,430	25,183	19,020	21,140	20,090
SG&A Exp.	11,378	11,338	8,485	9,559	12,802	10,765	11,217	7,258	8,276	8,143
D&A Exp.	1,273	1,248	899	1,054	1,428	1,323	1,488	1,072	1,098	1,306
Net Profit	5,755	6,518	5,539	5,159	5,343	4,563	5,333	4,303	4,070	2,855
Net Margin	21.5%	22.5%	27.3%	18.6%	18.7%	18.7%	21.2%	22.6%	19.3%	14.2%
Free Cash Flow	44,014	33,185	-20,009	14,080	9,351	-3,285	-6,285	-19,760	6,275	-1,867
Income Tax	851	1,666	-2,637	4,011	2,010	741	-1,976	1,759	580	-860

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets (\$B)	354.1	349.5	259.1	366.2	369.5	336.9	342.5	300.7	340.3	297.2
Cash & Equivalents	9,454	9,692	7,518	9,489	9,918	32,497	31,881	23	27,040	35,410
Acc. Receivable	897	767	499	557	910	171	41	252	386	550
Goodwill & Int.	3,473	2,828	1,870	4,853	4,882	4,162	3,659	2,675	3,555	4,555
Total Liab (\$B)	323.7	318.6	236.2	333.8	333.9	304.7	308.9	273.7	310.3	362.8
Long-Term Debt	42,104	47,910	42,162	64,883	58,213	56,232	58,510	42,040	54,490	73,330
Total Equity	30,367	30,861	22,918	32,348	35,427	32,068	33,569	26,870	29,930	34,270
LTD/E Ratio	1.39	1.55	1.84	2.01	1.64	1.75	1.74	1.56	1.82	2.14

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.5%	1.9%	1.8%	1.7%	1.5%	1.3%	1.6%	1.4%	1.3%	0.8%
Return on Equity	17.7%	21.3%	20.6%	18.7%	15.8%	13.5%	16.2%	15.7%	14.3%	8.8%
ROIC	7.6%	8.6%	7.7%	6.4%	5.6%	5.0%	5.9%	6.2%	5.3%	2.8%
Shares Out.	8,847	8,839	8,836	8,836	8,836	8,836	9,295	10,670	10,670	10,640
Revenue/Share	3.03	3.27	2.30	3.14	3.23	2.76	2.85	1.78	1.98	1.89
FCF/Share	4.97	3.75	(2.26)	1.59	1.06	(0.37)	(0.71)	(1.85)	0.59	(0.18)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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