Banco Bradesco S.A. (BBD)

Updated August 26th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$3.25	**5 Year Annual Expected Total Return:**	9.2%	**Market Cap:**	$31.4 B
Fair Value Price:	$3.75	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	09/03/2026
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.9%	**Dividend Payment Date:**	10/08/2026
Dividend Yield:	8.0%	**5 Year Price Target**	$3.75	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Financials	**Rating:**	Sell

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 generated almost $49 billion in total interest income last year and is headquartered in Osasco, Brazil. All financials have been converted to USD unless otherwise specified.

On August 5th, 2026, Banco Bradesco released its second-quarter results for the period ending June 30th, 2026. For the quarter, net interest income reached about $4.04 billion, a 15.7% increase compared with 2Q25. Growth was supported by an 11.6% expansion of the expanded loan portfolio, which totaled roughly $220.0 billion at quarter-end. Client NII rose 13.8%, while market NII more than doubled to approximately $130 million despite challenging macroeconomic conditions.

Insurance operations maintained strong momentum, with income from insurance, pension plans and capitalization bonds reaching approximately $1.18 billion, up 8.3% year over year. The insurance group posted net income of $561 million, a 28.3% increase, while ROAE reached 22.8%. These results reflected controlled claims, continued commercial traction, and stronger financial income from a larger asset base and more favorable yields.

Recurring net income climbed to $1.36 billion, up 16.2% from the prior-year quarter. This growth was supported by a 1.7% rise in fee and commission income, while the 90-day delinquency ratio ended the quarter at 4.3%. Basic EPS attributable to preferred shareholders was approximately $0.14 per BBD ADR. Subsequent to quarter-end, Bradesco approved a private capital increase of up to $1.94 billion through the issuance of as many as 604.9 million new common and preferred shares. EPS was about $0.10. For FY2026, we expect EPS of $0.50.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.46	$0.61	$0.59	$0.54	$0.35	$0.42	$0.38	$0.27	$0.30	$0.42	***$0.50***	***$0.50***
DPS	$0.35	$0.32	$0.28	$0.51	$0.17	$0.21	$0.11	$0.18	$0.11	$0.21	***$0.26***	***$0.26***
Shares[1]	8836	8836	8836	8836	8835	9689	10657	10642	10614	10579	***10572***	***11000***

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 2Q26, BBD's expanded loan portfolio reached $220.0 billion, up 4.3% sequentially and 11.6% year over year.. Bradesco's broader assets under custody reached about $542.0 billion, up 11.3% year over year. While we would typically price in positive growth in the company's EPS results, especially given the continued momentum in its brokerage platform and the recovery in ROE, such growth could once again be offset by FX fluctuations.

Banco Bradesco pays a rare monthly dividend of about $0.0035 per share. However, most of its payout comes from supplemental Interest on Equity (JCP), making the annual yield harder to predict. We estimate a $0.26 total dividend for 2026, supported by improving Net Interest Income (NII) and progress in its 2024–2028 Strategic Plan, which should drive

[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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payout recovery as ROE returns toward historical levels. Note that the company had consecutively grown its dividend annually from 2012 to 2019, but again, FX changes have distorted that amount.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	10.8	12.1	13.5	13.2	11.8	10.9	9.2	10.6	10.7	6.4	***6.5***	***7.5***
Avg. Yld.	3.7%	4.5%	3.9%	7.8%	3.5%	3.2%	3.8%	6.2%	4.3%	7.8%	***8.0%***	***6.9%***

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. Today, we consider the stock undervalued at around 6.5x projected EPS.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	76%	52%	47%	94%	49%	50%	29%	67%	37%	50%	***52%***	***52%***

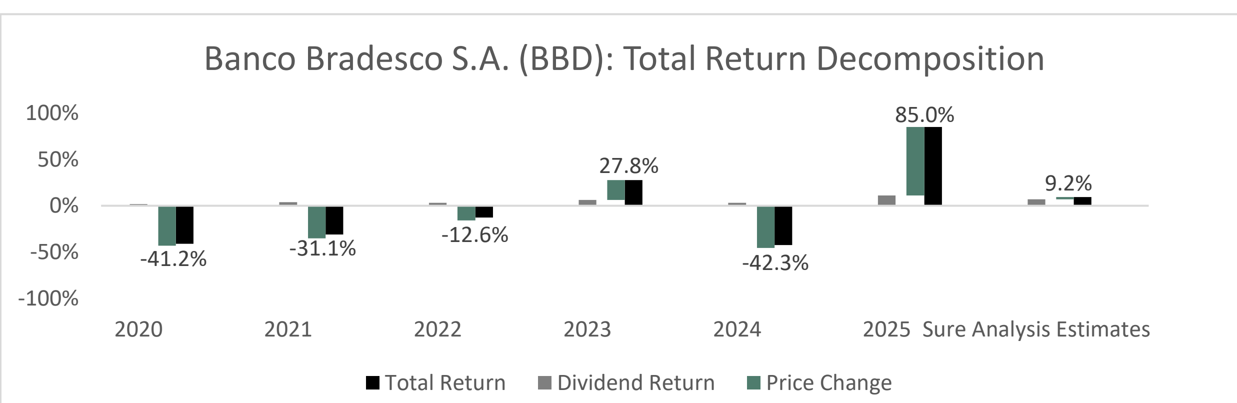
While Banco Bradesco's dividend is not consistent and will continue to vary based on the company's underlying results and FX changes, a base level ($0.0033/month) should be considered quite safe, being well-covered by the company's cash from operations. The company continued to pay its base monthly rate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

At the end of 2Q26, the company's reported Basel ratio stood at 15.5%, while its Common Equity Tier 1 ratio was 11.3%. Including the proposed capital increase and the complementary Bradsaúde effect pending approval, the pro forma Tier 1 and Common Equity Tier 1 ratios would reach 15.1% and 13.6%, respectively. Liquidity also remained strong, with the LCR at 149.3%, comfortably above the 100% regulatory minimum.

Final Thoughts & Recommendation

Banco Bradesco S.A. is a well-managed financial services company. In its original Sao Paolo 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. We believe the stock is fairly valued today and we still find BBD's lack of continued dividend growth and overall consistency underwhelming. Thus, we rate the stock as a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	20,314	27,785	28,509	24,430	25,183	19,020	21,140	20,090	19,630	64,860
SG&A Exp.	8,485	9,559	12,802	10,765	11,217	7,258	8,276	8,143	8,043	---
D&A Exp.	899	1,054	1,428	1,323	1,488	1,072	1,098	1,306	1,255	1,264
Net Profit	5,539	5,159	5,343	4,563	5,333	4,303	4,070	2,855	3,216	5,069
Net Margin	27.3%	18.6%	18.7%	18.7%	21.2%	22.6%	19.3%	14.2%	16.4%	7.8%
Free Cash Flow	-20,009	14,080	9,351	-3,285	-6,285	-19,760	6,275	-1,867	7,862	45,000
Income Tax	-2,637	4,011	2,010	741	-1,976	1,759	580	-860	-120	(519)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	259.1	366.2	369.5	336.9	342.5	300.7	340.3	297.2	334.8	425.3
Cash & Equivalents	7,518	9,489	9,918	32,497	31,881	23	27,040	35,410	27,240	27,470
Acc. Receivable	499	557	910	171	41	252	386	550	976	---
Goodwill & Int.	1,870	4,853	4,882	4,162	3,659	2,675	3,555	4,555	3,842	4,697
Total Liab ($B)	236.2	333.8	333.9	304.7	308.9	273.7	310.3	362.8	307.5	392.6
Long-Term Debt	42,162	64,883	58,213	56,232	58,510	42,040	54,490	73,330	65,250	80,370
Total Equity	22,918	32,348	35,427	32,068	33,569	26,870	29,930	34,270	27,250	16,260
LTD/E Ratio	1.84	2.01	1.64	1.75	1.74	1.56	1.82	2.14	2.40	4.44

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.8%	1.7%	1.5%	1.3%	1.6%	1.4%	1.3%	0.8%	0.9%	1.1%
Return on Equity	20.6%	18.7%	15.8%	13.5%	16.2%	15.7%	14.3%	8.8%	10.4%	14.3%
ROIC	7.7%	6.4%	5.6%	5.0%	5.9%	6.2%	5.3%	2.8%	3.2%	2.7%
Shares Out.	8,836	8,836	8,836	8,836	9,295	10,670	10,670	10,640	10,610	10,580
Revenue/Share	2.30	3.14	3.23	2.76	2.85	1.78	1.98	1.89	1.85	6.13
FCF/Share	(2.26)	1.59	1.06	(0.37)	(0.71)	(1.85)	0.59	(0.18)	0.74	4.25

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