

# Acquisition of **BAC Florida Bank**



# TRANSACTION HIGHLIGHTS

**ACQUISITION OF BAC FLORIDA BANK ("BAC FLORIDA") HAS THE OBJECTIVE OF EXPANDING BRADESCO'S BUSINESS WITH HIGH NET WORTH, AFFLUENT AND CORPORATE CLIENTS IN BRAZIL AND THE UNITED STATES**

## Main terms of the transaction

- ✓ Acquisition of BAC Florida for US\$500 million<sup>1</sup>, to be paid in cash at closing:
  - Implied price to tangible book value (2018) ratio of 2.55x<sup>2</sup>
  - The closing of the transaction is subject to the approval of Brazilian and U.S. competent regulatory authorities and to the fulfillment of legal formalities

## Description of BAC Florida

- ✓ Institution headquartered in Miami with over 45 years of banking expertise in the U.S. and approximately 10,000 clients
  - Main business lines:
  - Financial highlights (2018):

Real Estate Financing

Private Banking & Wealth Management

Total assets  
US\$2.2 bn

Book value  
US\$206 mm

Net income  
US\$29 mm

Corporate & Institutional Banking

Personal, Business & Digital Banking<sup>3</sup>

ROAE  
15.3%

Basel ratio<sup>4</sup>  
13.2%

## Bradesco's strategy for BAC Florida

- 1 Maintain BAC Florida's current operations
- 2 Provide a wide range of financial services in the U.S. to Bradesco's clients in several segments (high net worth and affluent segments, Corporate, among others)
- 3 Expand business as well as the local and Latin American client base served by BAC Florida

(1) Price for 100% of the shares. Price subject to adjustments, including an adjustment based on tangible book value; (2) Based on adjusted tangible book value of US\$194.9 million, considering US\$10.0 million of redemption of preferred shares; (3) Customer acquisition across all the U.S.; (4) CET1



# OVERVIEW OF BAC FLORIDA

## Description

- Headquartered in Coral Gables, Florida, BAC Florida has over 45 years of banking expertise in the United States
- Focused on high net worth Non-Resident Aliens (“NRAs”) and real estate financing
- Own broker dealer operation, serving its high net worth and affluent divisions
- Serves customers domestically and internationally in their banking needs
- Main business lines:

Real Estate Financing

Private Banking &  
Wealth Management

Corporate &  
Institutional Banking

Personal, Business &  
Digital Banking

- Currently controlled by Grupo Pellas, a business conglomerate with over 140 years of history and operations in 10 countries

## Localization



## Financial highlights

US\$ million, except when indicated	2016	2017	2018
<b>Total assets</b>	1,955	2,092	2,236
<b>Total deposits</b>	1,568	1,709	1,839
<b>Book value</b>	164	180	206
<b>Net income</b>	15	17	29
<b>ROAA (%)</b>	0.8%	0.9%	1.4%
<b>ROAE (%)</b>	9.5%	10.1%	15.3%
<b>Basel ratio CET1 (%)</b>	13.2%	12.2%	13.2%





# OVERVIEW OF BAC FLORIDA: MAIN BUSINESS LINES

## Real Estate Financing

- Leading provider of real estate mortgage loans in Florida to high net-worth foreign nationals
- Brazilian non-resident clients represent 22% of the Residential Real Estate loan portfolio
- Strong cross-sell with Private Banking and Wealth Management divisions

## Private Banking & Wealth Management

- Focus on the non-resident foreign market, mainly in Latin America
- Through its Broker Dealer, offers solutions of investment portfolio
- Strong cross-sell with Real Estate Financing
- Total liabilities<sup>1</sup> of US\$1,217 million and AuC<sup>1</sup> of US\$862 million

## Corporate & Institutional Banking

- Loans, cash management and Investment services<sup>2</sup>, to clients in Latin America and the U.S.
- Products targeted to trade finance operations

## Personal, Business & Digital Banking

- Nationwide digital banking
- Provides online and mobile personal banking services through its digital platform, My eBanc
- Serves clients across 49 states
- Primary products are deposits, investments<sup>2</sup> and checking account

### Digital Platform



# BRADESCO'S STRATEGY FOR BAC FLORIDA

BAC FLORIDA WILL BE THE PLATFORM FOR BRADESCO'S BANKING OPERATIONS IN THE U.S., PROVIDING ACCESS TO THE U.S. MARKET FOR BRAZILIAN CLIENTS

1

Maintain BAC Florida's current operations

- Maintenance of current operations, clients, executives and personnel
- BAC Florida has a solid and profitable operation, with highly qualified management team and extensive track record

2

Provide a wide range of financial services in the U.S. to Bradesco's clients in several segments (high net worth and affluent segments, Corporate, among others)

- Important strategic initiative for Bradesco in **expanding financial services and products to high net worth and affluent clients** through access to a complete and international wealth management platform with local expertise
  - Complete offering of banking products: investments (broker dealer), real estate financing, credit card, checking account services, among others
  - Expand investment and advisory team
- Expand service offerings (cash management, FX and trade finance) to multinational clients operating in the U.S. and Latin America
- Digital banking: serving Brazilian clients residing in the U.S., as well as improving customer experience and expanding digital integration

3

Expand business as well as the local and Latin American client base served by BAC Florida

- BAC Florida clients, including high net worth, corporate and institutional clients, will have access to a platform of products in Brazil
  - Investments in Brazil and solutions for corporate clients, among others



# OBJECTIVES EXPECTED FOR BRADESCO

- Expand the client base in Brazil, U.S and Latin America
- Increase the share of wallet of Bradesco's clients operating in the U.S. market
- More attractive funding costs for operations with companies in the U.S. market
- Increased loyalty from Bradesco's customers
- Obtain adequate financial return for the capital invested in this operation with low execution risk

Bradesco reiterates its commitment to creating long-term value to its shareholders, employees and organization in general, and its confidence in the financial services industry, and strengthens its strategy of being the preferred wealth manager for high net worth and affluent clients in the region



# IMPORTANT NOTICE

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