

Q4 2010 Earnings Call

Company Participants

- Domingos Figueiredo de Abreu, EVP, IR Officer
- Unidentified Speaker, Unknown

Other Participants

- Boris Molina, Analyst
- Daniel Abut, Analyst
- Eduardo Nishio, Analyst
- Ishwan Hokar, Analyst
- Marcelo Telles, Analyst
- Regina Sanchez, Analyst
- Saul Martinez, Analyst
- Victor Galliano, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. We would like to welcome everyone to Banco Bradesco's Fourth Quarter 2010 Earnings Results Conference Call. This call will be conducted by Mr. Domingos Figueiredo de Abreu, Executive Vice President and Investor Relations Officer, Mr. Marco Antonio Ross, Chief Executive Officer of Bradesco Seguros Group Insurance, Mr. Samuel Monteiro dos Santos, Junior, Executive Vice President and Vice Financial Officer of Bradesco Seguros Group Insurance, Mr. Luiz Carlos Angelotti, Deputy Officer and Mr. Paulo Faustino da Costa, Market Relations Department, Director.

This call is being broadcast simultaneously through the Internet in the website, www.bradesco.com.br/ir. In that address you can also find a banner, for which the presentation will be available for download. We inform that all participants will only be able to listen to the conference call during the Company's presentation. After the presentation there will be a question-and-answer session, at that time further instructions will be given. (Operator Instructions)

Before proceeding let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Banco Bradesco's management and on information currently available to the Company. Forward-looking statements are not guarantees of performance, they involve risks, uncertainties and assumptions,

because they relate to future events and therefore, depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Banco Bradesco and could cause results to differ materially from those expressed in such forward-looking statements. Now, I will turn the conference over to Mr. Domingos Figueiredo de Abreu, Executive Vice President and Investor Relations Officer. Please go ahead sir.

Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Good Morning everyone, I would like to thank you all for attending this conference call. Without question, 2010 was a year marked by economic recovery as other emerging economies, Brazil showed -- we achieved solid GDP growth, which we estimate at around 7.8%. If confirmed these will be the highest figure for the last 25 years.

A (inaudible) were observed in both, the economic scenario and the social front, driven by sustainable investments, which generate employment and income, consequently, leveraging consumption and credit. It's worth also noting that in this context of social mobility and, increasing demand for banking products, Bradesco has achieved a strategic presence through increased investments in organic growth with an expansion in the numbers of service [ph] point. In terms of branches, new [ph] points and correspondent banks, more than 10,300 new points were open in 2010. 178 of which were new branches in 2011 we expect to open another 183 new branches.

Furthermore, we have been strengthening our sales force, thus improving business segmentation and customer strategy. With these initiatives our clients' base has exceeded 60 million comprising 23 million checking accounts, 41 million savings accounts and 36 million clients in the insurance group. In 2010, our investments in IT and the infrastructure totaled BRL3.9 billion and we estimate the figure of around BRL5 billion for 2011. In our opinion, Brazil has achieved an important position in the world.

We are therefore reaffirming our confidence in the highly favorable outlook for the Brazil economy in the coming years. With a focus on bank inclusion and social mobility, which is part the drivers for sustainable development. I will now comment of our financial results for the First Quarter and full-year of 2010.

Start with slides two and three, here we show some of our highlights among which we would like to point out on slide two, adjusted net income for 2010, that's total BRL9.8 billion, present an evolution of 29% in comparison to 2009. In the final quarter of 2010 adjusted net income reached around BRL2.7 billion. Total assets amounted to BRL637 billion, up 26% improvement over December 2009. Our funds under management totaled BRL873 billion, which represents an evolution of 24% in the year. I'd also like to draw your attention to our delinquency ratio, which recorded a substantial decline of 1.3percentage point over 2009. And, our recovery ratios for loan over due by more than 60 days to 90 days, which improved considerably throughout 2010.

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Slide number four, here we shows the reconciliation between booked net income and adjusted net income. Summarizing all the events that, in our opinion, are nonrecurring. And which affect our results for the respective periods. Non-recurring tax in Fourth Quarter were, one, the partial sale of our investments in the BMS Bradesco, totaling BRL59 million. Two, the partial reversal of provisions for loan losses amounting to BRL220 million due to technical adjustments in its calculations and three, a constitution provisions for civil contingencies for economic plans in the amount of BRL86 million.

After these adjustments our booked net income went from about BRL3 billion to BRL2.7 billion generate an annualized return of 25.1% in the quarter. I'd also like to draw your attention to our return on average equity, which reached around 22% in the year both in terms of booked and adjusted net income.

Slide five shows our quarterly and annual net income. The 6.6 upturn in the Fourth Quarter was simply due to the growth in the net interest income, due to the increase in the volume of corporation's and the highest fee income, especially from credit cards and checking accounts. This quarter there were also higher provisions for loan losses, mainly due to the increase in the volume of the loans operations, since the delinquency, as we will show -- see later on, has demonstrated improvements. As well as high operating expenses, personal and administrative, which we will discuss in more detail later on.

The 30% evolution of our net income in the year was strictly the result of reduced delinquency, with the result in lower provisions for loan losses. Higher revenue from insurance segment. And improved fee income, together with the health results of the overall increase in our business. I do like to point out that our 12 month earnings per share, recorded an important evolution this quarter increasing from BRL2.38 to BRL2.61.

Slide six, in this slide we show our efficiency ratio. The blue line represents the ratio adjusted to risk, which fell for the fourth consecutive quarter reaching 52.4%, a 0.9percentage point improvement over to the Third Quarter 2010, reflecting the reduced delinquency and the consequential reduction in provision for loan losses. The increase in the 12-month-ratio, not considering the effects of the provision for loan losses, the red curve, in recent quarters was primarily due to exceptional driver gains in the reduction in advertising expense in 2009 favoring this indicator in those periods. As well as higher expenses from the organic growth of our distribution network and improved business segments.

The increase in the quarterly ratio was chiefly due to the seasonal increase of the expense as a result of the higher business volume in this period of the year. Despite our recent organic growth, we believe this ratio will remain close to historical [ph] levels in the short-term. In the midterm, however, we expect an improvement in these indicators thanks to the conclusion and maturation of many projects that we have, in specially IT projects.

Slide number seven, total assets reach BRL637 billion, registering an evolution of the 26 in 2010. Return on average assets remain at 1.7%. While return on average adjusted, equity totaled 22.2%. The base ratio posted here at 40.7%, which leaves us in a comfortable position to sustain expected growth in our operations. The quarterly decrease is

explained by the evolution of assets hence the reduction in subordinated debt, which may be considered Tier 2 capital [ph].

I would like to remind you that we have initiatives underway that aim to increase our capitalization level, for example, if you consider the recent reopening of our subordinate debt issued in the amount of US\$500 million and the current capital increase in the amount of BRL1.5 billion, our base of ratio would have increased to 15.4% and our Tier 1 capital would be returned to 13.5%.

Slide number eight, here we present the relative share of our main operations and the composition of our net income, which remain flat this quarter. In the annual comparison, low operations presented a stronger recovery. Representing once again, net on 30% of net income at the end of 2010 versus 20% at the close of 2009, this is due to reduced delinquency.

On the other hand securities posted a relative decline due to the reduction in (inaudible) this year in comparison to the outstanding results of 2009. Although revenue from insurance operations registered an important increase in 2010, its relative share of net income declined in the year as a result of the strong growth in the current [ph] segment.

Slide number nine, realized gains remain at the high levels totaling BRL10.6 billion. The reduction in the quarter was chiefly due to one, lower price in (inaudible) operations, reflecting high interest rates. Two, the decline in the stock markets, the Bovespa index, which affected the value of some of our investments, especially in Cielo. And three, higher market value of our subordinate debt, issued abroad, due to the reduction in the foreign interest rates. Partially offset by the mark-to-market of the secured index to Impecia [ph] in the portfolio of our insurance company. Note that these figures do not include the potentially goodwill from our own properties of BRL2.22 billion.

Slide 10, here you can see that net interest increased by 9% in the Fourth Quarter of 2010, primarily due to the increase in interest earnings operations, especially in the insurance and grant [ph] segments. The growth in the non-interest earnings portion was driven by gains from treasury and securities operations.

I would particularly like to draw your attention to the good performance of the interest earnings portion, which increased by 60% in 2010. This was mainly due to high average business volume, positively impacted by the incorporation of Banco Ita [ph] and also to the increase in loans to micro businesses, SMEs and individuals.

Slide 11, annualized net interest margins corresponded to 7.8% in the Fourth Quarter 2010. Improvement over the previous quarter is largely due to higher gains in relation to the average spread in the insurance segment, which we will discuss in the next slide. As we have been saying, our expectation is a decrease in this indicator in the mid-term. Due to the inclusion of lower margin operation, which should be offset by an increase in the basis one, thus contributing to the continuous evolution of the net interest income.

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Slide 12, this slide gives a breakdown of net interest income. The quarterly highlight was interest coming from insurance, which increased by 57% due to high returns from those assets indexed to Impecia [ph]. In the upturn in the revenues, which is common in the final quarters, in the annual comparison the highlight was a 60% growth in interest incomes from loans. Chiefly driven by volume growth including (inaudible).

Slide 13, in this quarter growth -- interest income, the grey area on the graph, increased by 5.3% to around BRL6.1 billion. Once again, due to higher business volume, given that the average credit has been showing a downwards trend. The red area, which shows the provisions for loan losses accounts for 37.4% of the growth interest income, increased by 11.5% due to the upturn in the loan operations, in turn reflecting higher generic provisions.

Nevertheless, net interest income, the blue area, increased by 2%. The annual comparison shows the large impact of the reduction in delinquency costs. Given that, growth interest income increased by 60% and the provision for lower losses dropped by 24%, thus, increasing that interest income by a substantial 71%.

Slide 14, this slide shows our expanded loan portfolio, which also includes securities such as debentures and other notes issued by large corporates, assumed as a risk by our commercial end. The portfolio closed 2010 at BRL293.5 billion, present an evolution of 8.4% in the quarter and 23% in the annual comparison. This increase is chiefly driven by loans to micro businesses and SMEs, which grew by 9% in the quarter and 29% in the year. As well we had loans to major corporations, which grew by 11% in the quarter and 22% in the year, led by BNDES, Finame, on lending, credit cards and mortgage loans.

Slide 15, confirming our expectations, the total delinquency ratio for loans overdue by more than 90 days recorded a decline for the fifth consecutive quarter, reaching 3.6% in December 2010, favored by the continuous improvement in the domestic economic scenario and within Bradesco's entire credit cycle, especially the recovery process. Our expectation for the following quarter, assuming that the current macroeconomic fundamentals will be maintained, is that it is indicated we will stabilize, since large parts of the improvement has already happened.

Slide 16, this slide shows we are continuing to maintain high provisions level with the substantial surplus of BRL3 billion in December 2010 in relation to the amount it required by the Central Bank, the difference between the first two curves are BRL7.3 billion if we compare the current allowance for loan loss, the red curve, we'd expect loan losses for the next 12 months, the dotted blue curve, or even BRL9.6 billion in relation to the expected losses net of recovers, the dotted purple curve. These provision levels leave us in a comfortable situation to face any reversal in the current favorable economic status.

Slide 17, underlining the previous slide, this slide shows a recovery ratio of the allowance for loan losses in relation to the credits overdue by more than 90 days and 60 days. As you can see, we had once again reported the highest levels of the series [ph] in both criteria, typically due to the reduction in delinquency, as we point out previously.

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Slide 18, fee income increased by 4.1% in the Fourth Quarter of 2010, chiefly driven by checking accounts 8.4%, as a result of the net increase in the new accounts and expansion of our client services portfolio. And two, credit card revenues with 7.1% impacted by the seasonal increase in business and the expansion of the clients in card base. And three, the increase in loan operations with 7.1%, especially with regard to income from returns on guarantees provided.

In the annual comparison, fee income presents an important evolution, 15%, the best performers were one, cards, which increased by 22.8% due to the expansion of the client base, leading by organic growth and partially by the incorporation of Banco Ibi. Two, consortium with 23.4% and three, loans operations with 13.5%.

Slide 19, in the quarterly comparison operating expense increased by 90.2%, partially due to higher personnel expenses, chiefly backed by wage increase and the expansion of the workforce by more than 3,000 new employees due to the growth of the distribution network. And improved segmentation. In the annual comparison, the increase in these expenses was primarily due to the impact of the collective bargaining agreements in 2009 and 2010. And through the net addition of about 7.6,000 employees, as well as the impact of the incorporation of Banco Ibi in November 2009.

The growth in administrative expenses involved in both builds, mainly reflect increased volumes of business and extension in the numbers of service points. We will refer to these expenses in more detail in the next slide.

Slide 20, in order to better demonstrate the evolution of operating expenses we have developed a calculation separating the FX of organic growth reflected by the opening of 178 new branches for example. And the strengthening of our retail service network with the incorporation of approximately 2,000 new professionals. And, the incorporation of Banco Ibi, given that in 2009 it's contribute to only two months of the results. It's clear in this slide that excluding these impacts, our administrative expense would have grown 13.3% in the year, a level comparable with this year's strong increase in business.

Slide 21, administrative expense increased by 12.7% in this final quarter primarily due to end-of-the-year seasonality, which is reflecting high advertising expenses and other variable expenses. As well as the expansion of the distribution network by more than 2.8,000 service points in the quarter. Keep in mind that the consolidation of what we -- these figures report from November 2009, we have had a quarterly [ph] report -- the variation in the year's administrative expense excluding the assets of Banco Ibi. In this case the year's 50.6 evolution derives essentially from the increase in business and expansion in service points. And it also forms advertising expense which returned to their historic levels in 2010.

Slide 22, shows income from insurance segment, with increase by 17.2% in the quarter, led by life and pension plans with 31.5%, saving bonds with 7.3%. In the annual comparison we have maintained a consistent and robust improvement in practically all the business lines. It's also worth noting that in addition to the period's high revenue, gains from the

financial result and the decline delinquent ratio also, contributes to the improvement in adjust net income in 2010.

Slide 23, this slide shows some of the main figures from our insurance activities, the combined ratio recorded 85.1% in the Fourth Quarter, slightly better than in the previous three months. Our total financial assets amount to BRL96.5 billion, while technical provisions stood at BRL87.2 billion, BRL76 billion of which are related to the life and pension fund.

Slide 24, this slide shows our economic department system, it estimates for -- GDP, interest rate, inflation and the exchange rates for 2011 and 2012. Generally speaking, in our opinion the international scenario in 2011 will continue to be characterized by extraordinary liquidity, an increase of appetite for risk and a high commodity price. We believe the Brazil economy will move from an estimated growth of 7.8% in 2010 to 4.3% this year.

The growth rates for employment and spread [ph] should present some moderation in 2011. But still continue at a strong pace. The global vision towards Brazil, in our opinion, will continue to be stable. The exchange rate should remain stable at around BRL1.70, per dollar.

Slide 25, as usually done, here we present a comparison of our 2010 guidance with our results. With regards to the loan portfolio, considering the expanded portfolio, we achieved all our guidance figures in both segments, in both segment and broad terms led by substantial growth recorded by credit cards and payroll-deductible loans who's growth was partially impacted by portfolio acquisition. On mortgage which originated BRL90.1 billion registering an increase of more than 90% in comparison to 2009.

In relation to the net interest income, fee income and insurance premiums, also did exceptionally well. Increase in operating expenses was basically due to substantial growth in 2010 relating not only to the expansion but -- of the services network. But was to decrease in the volume of the business, as we discussed before.

In slide 26 we present our guidance for 2011, we believe the loan portfolio will continue to grow in 2011, although at a slight -- slightly slower pace than in 2010. We expect growth of between 15% to 19%, pushed by corporate loans as well as specific individual loans line especially payroll-deductible loans and cards. We expect mortgage loans to originate approximately BRL10 billion from new operations, around 10% and more than in 2010.

To conclude I would like to say that our results for both the Fourth Quarter and full years of 2010 were highly satisfactory. I would also like to highlight that we are investing strongly in our distribution network, aiming not only to increase the number of service points. But also to improve the quality and provide our clients with the best service.

In 2010 we had more than 10,300 owned and 35 service points, increasing our client base by more than 2.2 million, which contributes to the sustainability and the expansion of our future business and results. Consequently, in order to support the performance generated

by these objectives, we will continue to invest in technological innovation and new products. Improving our standard even further and closely monitoring operating efficiency. Thank you, all for your attention so far. And now we are available for -- to answer any question you may have.

Questions And Answers

Operator

Thank you. Ladies and gentlemen we will now begin the question-and-answer session. (Operator Instructions) Our first question comes from Mr. Daniel Abut from Citi.

Q - Daniel Abut {BIO 1505546 <GO>}

Good morning, gentlemen. Domingos, a couple of questions, I'm curious as to why being so modest in the guidance for fee income. You are guiding for 6% to 10% after fee income had such a great year in 2010, blowing your guidance. You ended up with 15% even though your guidance was 7% to 11%. So, you are now guiding below what you guided for last year even though you exceeded the performance so much. I can understand that the economy is going to slow down compared to 2010. But it seems to me to moderate a guidance. So, if you could elaborate on fee income guidance a bit more.

And, the second question is on capital, you explain in slide seven, that if you adjust for some of the recent activity on (inaudible) event, your Tier 1 ratio could actually be closer to 13.5%, that number is still significantly below what it was a year ago when it was closer to 15%. So, if you could talk a bit more about any plans to beef up that Tier 1 ratio further, particularly in the context of the current debate about the implication of Basel III rules and how it will impact your capital, when the new rules are known and you have to eliminate certain components of Tier 1 capital that are less tangible such as deferred tax assets?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay Daniel. First of all the fees, normally when we give guidance we like to be more conservative in terms. And I agree with you, this could be conservative. But look, when you compare 2010, we grew in fees around 15%. But if you make a discount of the effect of the incorporation of Banco Ibi, you'll see that we grew around 11 something right? If you assume that 2011 the economy will grow low -- less than in 2010, we can assume that is not so. But if you work -- I think I agree with you it could be conservative. But we need to be when we give this.

In terms of capital, it's important to understand that remember that at the end of 2009 we used to use the extra provision as capital Basel I. Remember that it was changed in this year, at April this year. So it was the bigger difference when you compare December 2009 with the rest. In terms of plan to renew capitalization, assuming the current situation we don't think you need to make any movement going forward.

But, if you think about Basel III, we need to -- we don't have yet exact what Central Bank has in mind. We have some net effects in terms of tax spreads, in terms of no banking

investment, we need to understand how the Central Bank will deal with exact with this. But, the feeling that we have so far, what we have saw that it shouldn't be a big challenge for us to adjust the new requirements going forward. So, I don't think it would be necessary to make any strong movement in (inaudible) in terms of this.

Q - Daniel Abut {BIO 1505546 <GO>}

Okay. Just as a follow up, Domingos, it's highly likely we will expect that it will be a period of transition to implement the rules, not only in Brazil but globally, where banks will be allowed several years to do this. Have you done any calculations, if you were, to apply what is likely to be the rules all at once? How much the Tier 1 ratio will come down from the current 13.1%?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Look Daniel, we made just a simulation, like the worst scenario, like Central Bank said -- like right now, we need to discount, to consider only 10% of tax spreads, 10% of your capital as a tax credit to you or you can consider -- you cannot consider the investments in -- other investments than in bank, like insurance, like other investments that you have, you cannot consider the capital.

We made this very strong stress, let's say should be stress movement. Let's say you shouldn't need to increase, something, BRL1.5 million, one point -- something from BRL1.5 billion to BRL2 billion only for capital. Look, it's again, a stress movement we don't expect to have that. As you know that -- as you mentioned, questions we have until 2019 to implement any regulation that we -- could be done. But we understand the Central Bank because [ph] could be -- could start to move into implement this in added asset then in the global, we have this in our scenario, too.

Q - Daniel Abut {BIO 1505546 <GO>}

Thank you, Domingos.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me, our next question comes from Saul Martinez from JPMorgan.

Q - Saul Martinez {BIO 5811266 <GO>}

Hi. Good morning gentlemen.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Good morning.

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Q - Saul Martinez {BIO 5811266 <GO>}

Good morning. I have a couple of questions on your costs and you gave a lot of color during the presentation. But can you just first of all -- a more specific question, was there anything unusual in the administrative expense line, this quarter, that maybe had an abnormally big impact on your cost base? You did mention in the quarterly release the change in your card processing relationship with Fidelity for example. And anything that adversely affected your cost. Could you just give a little bit more color on it -- on whether there is anything unusual in addition to the organic growth that hit your cost?

And then secondly, a broader maybe more important question, obviously, I think the right strategy is in -- is to invest for growth and hitting short-term results shouldn't be the driver of what you do. But at the same time we have for a few years now heard that the investments in the IT program were ongoing and, that after a couple of years the efficiency ratio would start to normalize. And we're continuing to hear that now, that it's more of a medium term event.

Why has it taken so long for these investments to start to generate results in terms of helping your efficiency? It seems, or am I wrong in that assessment? Because it seems like it has taken quite a long time for these investments to start to come together in terms of delivering better efficiency metrics.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay, let's say specifically your question about the last quarter. Normally, the last quarter we have a seasonality normally. It's normal to have that, the last quarter you have more -- the economy grow more. We have more than nice [ph] economy, we have more expenses normally. But you have some you mentioned this effect in the immigration of the card to Fidelity

It was in fact different. But I would say that it should be substantially explained the growth, right? It's one thing that was different this year -- this quarter when you compare. But let's say that it would explain too much in the growth. I'd say that the biggest movement is the natural movement in the end of the quarter. We have some expenses that we try to distribute the expenses along the year in a good way. But sometimes in some specific situations, you cannot do this.

Like we stay, for some example, stay negotiated with the companies to reduction in price like this. So normally we recognize only just one shot. We have some movement at the end of the year. Normally we have that. But when you compare the last quarter of this year with the last quarter, the growth in the last quarter of 2009, you see more or less the same movement. It's -- just let's say that it's more normal to expect to have a growth in the last quarter. Of course we expect to have the next quarter not grow too much, it's normal.

In terms of IT improvements, it's important to point out that -- and thanks for your question, it's important to clarify that -- you know that we started this movement in 2003. Let's say you need separated project. A different -- it's five different dimensions, it's 25 different projects. It includes to build a complete contingency side. It includes

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construction, new building to have this computer. It includes to change the corporate governance inside the IT, the partners. It's a lot of parts. That's why we're talking about this for a long time. But the most challenging part of this project. So far, is the new architecture systems that we started just -- it was the last one to start. It started one year, two years ago, I guess.

It was far the most challenging part. It's not easy to -- we are just simply -- we are rewriting all the systems of the bank. So it's why -- that's why it's substantial. We are expanding -- and why it would put pressure on customers [ph]. Because while we were building a new system, a new architecture, you are -- you need to have people taking care with the other system all the time. It not only includes all the people inside the IT department. But includes people inside all the departments, all the departments all situations that depend on the system. So we need to have, more or less, as you -- I would say that it is double, double in systems.

But in some situations, we were double the structure to deal with this, right? So that's why I say that. This is a specific part, a portion, the new architecture systems, is -- in 2011, have a very -- it will be a key year for this project. We are -- this -- we estimate that we finish the 2010 with around 35% -- between 35% to 40% of these projects developed. We expect to finish this year with something around 75% to 80% in 2011.

We have seen some gains, quickly wins in this process, yes. But the investments that we are doing, you cannot notice this in the numbers, all right? That's why it's -- it takes long to -- it's normal. I don't think it's -- we don't have -- we are learning with this process, process through. We know that all the companies that are giving support for us in this project, they say that there is nothing comparable that is doing in the work. At the same time, they say that sooner or later, many, many banks -- many, many companies will need to prepare for these project through process. Because it's really, it's a very challenging project. It just seems it's not simple. But it's exactly the way that's stated. I don't know if I was able to clarify your point.

Q - Saul Martinez {BIO 5811266 <GO>}

No, that was extremely helpful. And thank you, thank you very much for that color. And good luck with that.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Thank you.

Operator

Excuse me. Our next question comes from Mr. Victor Galliano from HSBC.

Q - Victor Galliano {BIO 1517713 <GO>}

Hi. Good morning. Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Good morning.

Q - Victor Galliano {BIO 1517713 <GO>}

Yes. Just on the guidance, Domingos, focusing on the guidance and looking at the loan growth, against the net interest income, you're implying here that there is potential for some margin or spread improvement into 2011. Is this driven by better mix? And my other question, I suppose, is if we see any more macro-prudential measures in the form of higher composario [ph] coming through, can you give us some sort of idea of what the potential impact could be of that? Do you think slower loan growth? Is there any crimp, squeeze on margins here? That's my first question. I'll leave it at that for the moment.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay. At first, Victor, just to say that the net interest margin, of course you have a very strong correlation with the growth in the portfolio. Yes. It's true. But not -- it doesn't explain, completely, everything. It's important to say that we are -- this year, when comparing the margin. We start the -- with the portfolio that has been growing 23% the last year. So it has this effect. You transfer this effect for the 2011. We have some expectation to increase seligrain [ph] this year and then average will be higher than it was in 2010. We have in the margin, this, I mean.

You have some pressure in terms -- some movement in terms of spread, in terms of mix in the way that you -- I'd say that the three -- these three factors should explain why expectation of net interest income is higher than expectation of the growth in the credit portfolio. In terms of new, I'd say, support of -- thanks for your question, to clarify that this guidance, we consider all the measures that we already have.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

That we already know, right? We don't have -- we don't know how -- what different measures we can have going forward. But, assuming that it has some measures in the same direction that we had with those one in December, I'd say the movement that you have, we have to reduce the credit portfolio. But maybe you need to increase spreads during this -- to remove the bonds [ph]. So I think in terms of margin, maybe you can see a movement to reduce the credit growth. But the margins to -- the standards would be sustainable.

Q - Victor Galliano {BIO 1517713 <GO>}

So, if I --

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

So. But once again, we don't know what --.

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Q - Victor Galliano {BIO 1517713 <GO>}

Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Can grow (inaudible) income. But we'll see.

Q - Victor Galliano {BIO 1517713 <GO>}

What's next in the --?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Generally speaking I would say it this way.

Q - Victor Galliano {BIO 1517713 <GO>}

Yes. Just one quick follow-up there, in terms of current trading on loan growth, in terms of what you're seeing so far in Q1, would it be fair to say that because of the measures of December, you've seen the biggest slowdown in origination in vehicles and other personal loans?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Look, in vehicles it's hard. Normally when you compare January with December, it's -- you have a seasonality to see. Right?

Q - Victor Galliano {BIO 1517713 <GO>}

Yes. Sure.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

But what we talked with people in the -- our people, they say that this January has been -- the reduction has been stronger than it was, for example, when you compare January of 2010 with the December 2009, for example. It -- they see this effect, this market directly. In terms of personal, in our case, personal affects more growth [ph] -- have long-term personal. Granted it was more in payroll-deductible loans. In our case, it doesn't affect too much because we will -- we don't used to have this very, very long terms of grants. So it doesn't affect them. We didn't note any movement in this regard.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay. Thanks. Just one quick follow-up. Effective tax rate, what -- could you give us some sort of guidance in terms of what we could -- should be using for 2011? For effective tax rate?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Yes. Look, you know that -- and thanks for your question (inaudible) for clarify this point. You know that we are using that tax credit derived for the increase of social contribution,

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right? We are using this in order to -- while we are doing -- seasonally we have this increase. Our expectation that we have this tax spread, something around BRL200 million, BRL220-something million to use yet. I think to be announced for the next quarter, maybe another month, or other things. So we expect that after that -- until then, we can use something around that we have right now, something around 30%.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Going forward, I think we can add something around 4% in the expectation that total 2011, you can assume something around 34% to 35%.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay. Okay. Great. Thank you, Domingos.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Boris Molina from Santander.

Q - Boris Molina {BIO 1904979 <GO>}

Yes. Good morning. Thank you, very much for the call. I have a couple of questions. The first one, in relation to the IT platform, in this 15% to 20% software development that still -- would be pending for the year-end 2011, would still -- would that include the core transaction processing engine? What is your expectation in terms of the roll out of this piece that I understand is probably a last version, a last part of the whole IT parcel that needs to be rolled out?

And my second question is related to the insurance operations. We've seen how there's been a strong growth in premiums, etcetera. However, bottom line growth has been much slower, around 10% in the year, if I'm not wrong. And for any one of the factors, you would see increases in the admin expense ratio, over 100 basis points in the year. What could we expect for the growth in terms of bottom line in insurance operations this year?

We know that there is a factor that you mentioned related to the margins on the financial income. But what could we expect in terms of selling and admin ratios? Are we expected to continue to inch up? What kind of guidance could you give us on this? I think someone on this call will appreciate some comment on this. Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Hello, Boris.

Q - Boris Molina {BIO 1904979 <GO>}

Yes?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay. Somehow we started answering about insurance business. This is -- and then I -- and then I'll start with the part about IT, (inaudible)?

A - Unidentified Speaker

Boris, if I understood your question, today, you took that -- our premiums is stronger, increasing very strongly in this year. Look -- higher than the market, which, saw us, until November, 16% of the increase in terms of total market. And Bradesco increase it 18%, no? But in terms of our personal results. So it seems to you that we're not increasing so much that -- relate to the premiums. It's because we consider that a part of the investments income is a part of our personal results.

As you know, because the call reflected the correct hedge for our technical provisions. So the -- even then, the ITCA increased higher than the very good increases. And what happened with us? The correction, which applied in terms of technical results, increased a little bit more. This is the reason why it shows you the operational results did not increase so much.

In terms of the guidance or the projection for personal results, I suppose that would be better than in 2010. It seems that if you can see the core [ph] of the numbers, of the figures, related to the claims ratio, the claims ratio comes -- go down. In terms of health, in terms of -- in terms of P&C, in terms of life, I think now they show us a projection for the next years is better than 2010 in terms of the personal results.

Boris, this is (inaudible), your questions about the FX of IT platform improvement and how we expect to have improvement in our efficiency. Am I right?

Q - Boris Molina {BIO 1904979 <GO>}

Yes, no. Yes, I was saying -- because I remember when we had the conversation in the investor day last year, probably the last piece of the puzzle and probably one of the most important in terms of achieving savings was the core transaction processing engine, which was, I understood, the last part of the roll out. So I was wondering whether this was still expected to be rolled out by the end of this year? Or the first half of 2012? And how could we see, like you mentioned, the efficiency starting to flow afterwards?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Look, as I mentioned, this year, it will be, I would say, it will be the crucial year for this project, where we expect to be finished this year -- finishing this year, with this new architectural system, let's say. When it's -- I mentioned, in the previous question for Saul, this process of IT improvements is a very extensive program. But we are just talking about specific projects that you call new architectural systems, right?

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This one, the last one, the most challenging portion. This year, as I mentioned, it will be crucial, where will require for us, more investments and we expect to be finishing this year with this project finished for around 75% to 80%. The rest of 20%, of course, it will be during, maybe, the first semester 2012. Why we expect to have gains in terms of efficiency coming from this? As I mentioned, we have been doing this implementation, we have almost double costs in some situations, right? Directly, you can see very clear, this possibility to reduce costs.

The other line, we understand that we have many, many opportunities to improve, to gain productivity in our brand, like, for example, we have some specific systems where our manager in the brands, to make operations, they need to enter in three or four different systems to just to implement one operation.

So when they are able to do just one thing, means no more wait again productivity. So that's why -- just some examples, I have some examples of some specific, small projects inside these big projects that previously -- let's say, we don't -- we give out this -- to have -- we can be sure, in terms of the opportunities that we have, too -- we don't have specific numbers to give. But normally we would say that we can -- we have -- I have -- we understand this project has the power to be likely to say to be kind of a synergy that we can have, going forward. Like if you have bought a bank, to be a bank, in order to say.

I'd say that we don't like to give this number. But -- one number like this. But we do look for to reduce our efficient spread, something around 39. Nowadays, we are around 42. We are -- we expect to be, in the mid-term, maybe in 2014, something around 39. We don't know, again, we don't know that it's possible to reach that. But it's one thing that -- a goal that we have going forward.

Q - Boris Molina {BIO 1904979 <GO>}

Wonderful. Thank you, very much.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Eduardo Nishio from BTG Pactual.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Hi. Thank you. Good morning, everyone. Good morning, Mr. Abreu. I have a follow-up question on the investment cycle, on the branch network and the IT investments and the impacts on efficiency. On the branch network, you just finished the year with 174 new branches. Next year, 2011, you plan to increase that slightly, if I'm not wrong. And my question is, when do you expect that cycle to slow down, if they will, right? That's the first question.

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And on the IT project, you mentioned that you're finishing with 80% of the project this year. And the -- with the most crucial portion being finished this year. So should we expect some gains in efficiency already for 2012? As you said, efficiency ratios should maintain flat when you were going through the slides, in the short term. But then you said, in the midterm, you expect the efficiency ratios to come down. So if you look at your December numbers, the less seven months you had that finish with 42.7%. How much do you think that you can already reduce in 2012? Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay, Eduardo. Look, you're right about the 183 expectation for 2011, its 183 new branches. We don't have the other plans yet for 2012. But one thing that we are sure, we have -- we know that we have the opportunity to open more branches going forward. But we don't have it yet. We don't think that -- we don't know when this cycle will finish. But I don't think it will finish at the end of 2011, right?

We don't -- fortunately, we don't have exactly the numbers. But it's one movement that we -- when we analyze the Brazilian economy, the movement, the social mobility that we are seeing so far, we will -- you can find a lot of opportunities, a lot of necessities to open new branches. So it's one thing -- we might just movement, we will continue to go.

In terms of IT, as I mentioned in the previous question, we already have seen some quick gains in these projects, yes. But I don't think we can be -- it can be noted during this year, even during 2012. Maybe 2012, we can see some slowdown. But not -- we don't work with this hypothesis. We work -- hypothesis. We worked with -- we prefer to be more conservative in terms of projections, to expect the better from 2014.

But you are right in terms that once we are developing, this is not just one specific program. We have a lot of programs inside the system. You have some quick gains inside this. But you can, once you are investing in the same time, the more you cannot notice this in the numbers, maybe. All right?

Q - Eduardo Nishio {BIO 15333200 <GO>}

Okay. Thank you, very much.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Ishwan Hekar [ph] from Arca Capital [ph].

Q - Ishwan Hekar

Hi, gentlemen. A very, quick question. Within your loan guidance, what is the implied or assumed systemic loan growth? Thank you.

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A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Systemic loan growth should be growing something around the 15%, 15% was our expectation that we had so far.

Q - Ishwan Hekar

And was there any particular products, where you see to be gaining market share?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

I think SMEs, we expect to gain market share. In SMEs.

Q - Ishwan Hekar

Okay. Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

SMEs.

Operator

Excuse me. Our next question comes from Ms. Regina Sanchez from Itau BBA.

Q - Regina Sanchez {BIO 16404038 <GO>}

Hi, guys. Thanks. Thanks for taking my questions. We noticed that the outstanding balance of Lettres Sinesaras [ph], or bank notes, almost doubled in the Fourth Quarter. How should we think about the cost of funding of this instrument? How does it compare to a regular time deposit and how much, as a percentage of total deposits, plus debentures do you think Lettres Sinesaras could reach?

And my second question is related to the payroll of State of Pernambuco that -- we noticed that you bought in BRL700 million in the Fourth Quarter. And we thought that the trend of acquiring the rights to exploit payrolls would reduce, especially after their Basel III proposal that was excluding intangible assets from the calculation of the common equity, Tier 1. I would like to know how many years this contract will be valid and how many accounts it represents and if there's a particular strategy regarding the northeast region that makes you eager about this payroll?

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay. Regina Lettres Sinesaras normally we are using more to attract investments for institutional investors, normally. We -- it has been -- they have been proving to be a very interesting instrument for us, as -- to attract funding for the investors. Because we are able to pay a little bit higher for the investors and the costs, the total costs for us, will be very, very similar with the, for example, if we pay for timed deposits, for example.

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We know that we don't want to reissue Lettres Sinesaras. We don't pay ASGSA [ph] costs, we don't have these costs. And we don't have reserve requirements in these. So it makes this more competitive for us. We estimate that we can pay, for example, 3%. If you pay 100% for the time deposits of (inaudible), you can pay 103% in these instruments.

So the other thing that's more interesting this year is not only the price. But the -- we can have funding for a long term. Lettres Sinesaras, the minimum payment that you can have is two years. So it's different. Normal time deposits is one thing that we are looking for, is to attract funding for longer periods. So it's one thing that has been interesting. We will try to use more Lettres Sinesaras, as much as we can, in this segment. Right? So far, we just use it for institutional investors. But we expect to have opportunity to use more formal, formally.

In terms of the payroll of Pernambuco, we paid -- you are right, we paid BRL700 million for this. It's a contract, five years contract. They have more than 220,000 employees, which are in an average of the payroll is very, very good. In terms of we have good expectations in this sense. We know that it's not usual for us to make this kind of approach. But I think with a sense, Pernambuco, in all that I stated, we have some opportunities -- we can identify in Brazil. We are growing very strongly. But in the -- when you look, different regions are growing more. In the case of Pernambuco, where we have a very good expectation of growth there.

So we understand -- we understood that it should be a very good opportunity for us to reinforce our presence in this state. In the difference [ph], we are very strong in the state of Sierra [ph], in Baria [ph], in the northern -- in the Pernambuco, we were weaker when compared for our competitors in that state. So we understand it should be a very good opportunity to grow there.

Q - Regina Sanchez {BIO 16404038 <GO>}

Great. Fantastic. Thank you. So much.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Marcelo Telles from Credit Suisse.

Q - Marcelo Telles {BIO 3560829 <GO>}

Hello, everyone, once again thanks for the opportunity. Two questions, the first one, on your 2011 guidance. I was kind of surprised, with the growth that you still expect on payroll lending, more than 30% for 2011 and for vehicle financing, about 10% to 14% growth. This is despite the macro-prudential measures. Are you considering any acquisitions of loan portfolios in your guidance? Or you would expect that to be pure organic growth?

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And my second question is a follow-up on a question on Bradesco's effective tax rate. You mentioned that the -- in 2011, your effective tax rate should increase by four percentage points. But I just want to make sure we're talking about the same thing here, because my understanding is that the additional or the tax credit, right, generated by the difference in social contribution, right, between the 9% and the 15% is close between income statement but it's considered as extraordinary gains. So in fact, when you look. And in terms of your recurring earnings, that tax credit's not really impacting your earnings possibly. So can you -- I just want to make sure I have a correct assessment of that? And if you could clarify, I would appreciate. Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Look, Marcel, first in terms of vehicles, it's important to understand when we gave the growth in the vehicles, it does not include only individuals, right? We have a very, very strong position, in terms of to finance vehicles for companies. So that's why, sometimes, you cannot notice this growth. We can expect growth, 10% to 40%, even with this measure that we had to impact in this segment, right? The most -- the biggest portion of the growth came from the companies, not for individuals.

In terms of payroll deductible loans, we understand this, as I don't think if you've got that. But I -- we answered one question before, in terms that, we -- this affects our models of -- because we did -- we do not use so many -- the biggest standard quest at the moment. So we don't expect to have any effect in our position.

You have some movement in direct, as we mentioned, in the question before, in terms of when you pay -- when we bought the payroll on Pernambuco, we can expect to grow the payroll deductions -- the payroll loans there. That's why we have this expectation of growth in the difference, that maybe we can -- we have some -- it's possible to have -- to buy other portfolios. But we don't have this in mind. With the standard, we could even to reduce in terms of -- we need to consider their position. Because as you noticed, we grew too much these things.

The other question in terms of tax, effective tax, it's important to say. When we give this, we expect to grow the FX rate. It's assuming that we have, yes, BRL220-something million to use as tax credits during this year. And assuming that we don't have -- we have some companies that we don't pay the extra tax, like you have some not finance, not insurance companies side of our company. Right?

So that's why in the -- when we send in an average, considering all of this, we understand that our effective tax rate this year was something around 30%. We -- it could grow for 4% and 5%. In the normal -- non-normal terms, it could expect to grow 6%. If we are just a bank, like our -- or just one company, a bank or insurance, you don't have any quest [ph] tax credit, you can assume that just could add 6% in our FX rate.

But consider these things that we are not completely only banks, we are not -- we have some specific other operations, that don't pay this extra social contribution side. The company, it is affected. That's why we are giving this guidance for 34% to 35%.

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Q - Marcelo Telles {BIO 3560829 <GO>}

Okay. Thank you, very much.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Saul Martinez from JPMorgan.

Q - Saul Martinez {BIO 5811266 <GO>}

Hi, guys. Thanks for taking my call, again. I just had two quick follow-ups. One, in the impact of inflation index to assets in your insurance and net interest income, it went from, I think, 579 to 907. How should we think about that? Is that something that is -- that we should think of as a one-off kind of impact? Or is this kind of -- with high inflation, should this kind of interest income be seen as a -- as more of a sustainable level? Or should we think of that gain as a one-off?

And then secondly, the auction of the post office contract, the ability to provide banking services at the post office, can you give us an update on what the status is there? And whether you expect to see an auction process when that contract runs out? I believe late this year, if I'm not mistaken? But if you could just give us an update on that? I'd appreciate it.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay. So I'll start for postal service and then I'll transfer to Samuel. We have disclosed, at the post offices, that we will finish at the end of this year. Right?

Q - Saul Martinez {BIO 5811266 <GO>}

Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

We have some in -- we didn't see any movement yet. But we see some, let's say, some signs in the newspaper that the government is planning to make this auction during this year. We understand that they need to do this by the middle of this year because if you have another winner in this auction, they need time to transfer this project. We understand that we are, in the best, it's important to say, that we are in a very good position to be -- to compete with this product. And -- but, again, we don't have yet the agenda that we are talking about. But I think that should be happening by the end of this year, our expectation. Samuel?

Samuel, Saul, its Samuel speaking. How are you?

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Q - Saul Martinez {BIO 5811266 <GO>}

I'm good. Thank you, Samuel. How are you?

Fine. Thank you. Let's talking about the inflation, what happened with the insurance and results with the inflation. I would say to you, the extent of the line of business, I can be short time, I can explain to you what happened, for instance, in terms of our high fee, in terms of pensions. It doesn't -- nothing matters, because you know, we have the correct hedge for our operations in terms of pension and life.

In terms of health, nothing does matter because as you know, the inflation rate for the health is another kind of inflation. It's inflation, adopted inflation. And we have a lot of conditions to reduce the cost as it relates to inflation in terms of health. Because we have a very huge portfolio, which includes around, BRL5 million, BRL6 million of insured, we can make our passion in terms of the stakeholders, like Respirol Labs [ph].

And in terms of P&C, I would say to you the best way to -- the inflation, the high inflation, in terms of P&C, is unhappy is good for us because we receive the payment in advance. We have a lot of conditions to control the costs of the dealers, with the repairs, because we have a lot of very huge portfolios, which represents a 1.8 million vehicles.

I would say to you, the inflation rate is not a problem for us, really. Because every thinking in terms of insurance is we have the protection in terms of the revenues. And we have the protection in terms of the costs because we have all the things to do to put an impression of the dealers or their -- the stakeholder, which works does.

No, thank you for that. And that's good color. But I guess what I was referring to though is in your release, you say that on -- when you explain your insurance financial margin, there was a BRL288 million increase in the average spread, due to the profitability of assets index to the IPSA. That was up from 0.5 in the Third Quarter. I guess what I'm trying to get at is whether the interest income and the investment income from the insurance business was abnormally high because of the higher inflation and whether we should expect to see the interest income on the insurance business, as a result, decline in the coming quarters?

Yes. So it really is the time period is the short.

Yes.

And the reason why the -- it doesn't matter for us, I don't think it would be very important, very late -- reflects in our results, really.

Okay. Okay.

Okay?

Thank you, very much.

You're welcome.

Operator

Excuse me. Our next question comes from Mr. Victor Galliano from HSBC.

Q - Victor Galliano {BIO 1517713 <GO>}

Hi, yes. Just a quick follow-up, if I could. Domingos, you mentioned in the call, when you spoke about credit quality, how you expected it to level off this year, the NPL ratio. So you didn't expect to see more in terms of improvement going forward.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Yes.

Q - Victor Galliano {BIO 1517713 <GO>}

Have you seen any evidence of that in the First Quarter so far? And if so, have you seen it in the corporate side, on the consumer side? And what would you say, if you could give us some guidance to the implications for provisioning for 2011? Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Victor, we don't have numbers for this quarter yet. We just finished the month. But I guess that it's because we understand that we are in a very good levels so far.

Q - Victor Galliano {BIO 1517713 <GO>}

Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

We don't expect many -- we understand the economy continues to grow, the employment rates will be in a very good level. But I think the best is that we could have in the improvement, we already captured.

Q - Victor Galliano {BIO 1517713 <GO>}

Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

That's why, trust me. We do not have any evidence that there have been any changes going forward. But we are assuming that we work with this, that it will be more stable.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay.

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A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

In terms of provisioning, what -- we will very happy, let's say, of course happy if it would be better. But we'll be very comfortable to have -- when we look at this chart, it's 13 that we have.

Q - Victor Galliano {BIO 1517713 <GO>}

Yes.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Now this quarter, we are around 37% of delinquency provisioning. The expense for provision has been represented at 7% of the gross margin. Interest is paid, around 38%, 39% in percentage throughout the year. I would be very, very satisfied, I'd say. If it will be lower, better. But we'll --.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

We'll be comfortable with this level.

Q - Victor Galliano {BIO 1517713 <GO>}

Okay. All right. Thank you.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

You're welcome.

Operator

Excuse me, ladies and gentlemen. since there are no further questions, I would like to invite Mr. Domingos Figueiredo de Abreu to proceed with his closing statement. Sir, go ahead.

A - Domingos Figueiredo de Abreu {BIO 4820507 <GO>}

Okay. I would like to thank you, everyone, to attend this conference. And I would like to say that our team in the investor relations department to be available for -- if you have any questions. We invite any questions. Thank you, very much.

Operator

Thank you. That does conclude our Banco Bradesco audio conference call for today. Thank you, very much for your participation and have a good day.

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