

Q3 2004 Earnings Call

Company Participants

- Jean Philippe Leroy, Investor Relations Executive General Manager
- Jose Luiz Acar Pedro, Executive Vice President and IRO

Other Participants

- Jason Mollin, Analyst
- Mariel Perry, Analyst
- Paulo Rubeiro, Analyst
- Pedro Gomariez, Analyst
- Steven Barry, Analyst
- Yolanda Cortinez, Analyst

Presentation

Operator

Thank you for your patience and please remain on the line. Your Banco Bradesco Conference Call will begin momentarily.

(Operator Instructions)

Again we do thank you for your patience and please remain on the line.

Good morning, ladies and gentlemen. at this time we would like to welcome everyone to Banco Bradesco's Third Quarter 2004 Earnings Results Conference Call. Today we have a simultaneous Web cast with slide presentation on the Internet that could be accessed at the site www.bradesco.com.br/ir. Also at this web site participants can send questions online to the speakers of this conference. There will be a replay facility for this call on the web site. We were informed that all participants will only be able to listen to the conference during the company's presentation. After the company's remarks are over, there will be a Q&A section. 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 Bradesco management and on information currently available to the company.

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 Bradesco and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I would like to turn the conference over to Mr. Jean Philippe Leroy, Investor Relations, Executive General Manager of Bradesco. Mr. Jean, you may begin.

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Jean Philippe Leroy

Thank you. Welcome everyone to this conference call. We have here in this room the presence of the following the members of our senior management Mr. Marcio Artur Laurelli Cypriano, CEO, Mr. Milton Vargas, Executive Vice President, Mr. Jose Luiz Acar Pedro, Executive Vice President and IRO, and Mr. Domingo (inaudible), the managing director. I would like now to turn the floor to Mr. Acar.

Jose Luiz Acar Pedro {BIO 1895666 <GO>}

Good morning, ladies and gentlemen. and welcome to our Third Quarter earnings conference call. We posted in this first nine months the 2 billion realized [ph] net income in (inaudible) return or average equity of 18.6%. 7% of this result was generated by our banking activities, and 29% by insurance, private pension plans, and savings bond operations. In the Third Quarter, our net income reached the amount of R752 million, representing a return of 22.1%.

In terms of revenues, we posted our net income improvement leverage by loan (inaudible) which is now close to R60 billion and increase in free income, due to greater billing volumes, assets under management and by increased level of Bradesco's operations.

In terms of expenses, we continue to follow very closely the evolution in personnel and administrative expenses. As a consequence we presented it as significant improvement in our efficiency ratio in this quarter which ended the period at 54.4%.

In terms of operations, we have continued the incorporation of (inaudible) banks. We have recently incorporated both (inaudible) into local (inaudible). Our consumer financing subsidiary, and also we integrated the Capital [ph] (inaudible) branches into Bradesco's last Monday, September 25.

That being said, besides the conclusion of the complete segmentation of our client base, we also finished the incorporation of our banks consumer financing agencies, and asset management companies that we had been acquiring at a faster (inaudible).

Our current portfolio continues to grow, especially for individuals. However in this quarter, the SMEs presented the highest growth. I also like to highlight that, as we previously expected quarter after quarter, our asset quality continues to improve. Showing the efficiency of our lending policy. In addition, this quarter, we extraordinarily amortized the goodwill related to acquisitions. Thus, we are reducing at a faster pace, our overall goodwill.

I want to also highlight our strength in A, the agricultural segment where the total volumes of loans reached R6 billion. And B, in the outer financing industry in which we reached a total volume of R90 billion.

In loans, tends to the extent of (inaudible), as well as our presence in more than 12,000 automobile dealers. In terms of full ranging operations most originate by being there. We are the leaders in Brazil representing 15% of total disbursement between January and September of this year.

Enforcing our presence in the SMEs, we are the largest owned [ph] lender among the Brazilian private banks. As far as trades finance is concerned, by the end of September we reached (inaudible) \$3.2 billion in export finance, and more than half a billion dollars in import finance.

Additional cost charges our controlled company which has achieved in the Second Quarter, the leading positions of sales of real estate quarter also reached the number three position in sales of automobile quarter. Our capital structure is sound, we have the shareholders, equity of over R14.6 billion, and the BIS [ph] ratio of 17.

FINAL

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I also proudly stress that this was, for the third time in a row awarded as the Best Fund Manager, according to Guia Exame magazine, in a study conducted by Fundacao Getulio Vargas. In addition, last Monday we were awarded as the 2004 Best Asset Manager in a report released by Invest Tracker-Estadao ranking in a study conducted by Thomson Financial Brazil.

As you can see, this was a good quarter and the strengths are favorable to our industry and in particular to Brazil. Due to the results of our segmentation process, the incorporation of the several acquired institutions which brought us so many competitive advantages such as the (inaudible) and Finasa, and our constant efforts to minimize our cost base.

Bradesco's senior management will be available after Jean's presentation during the Q&A session. Thank you, very much.

Jean Philippe Leroy

We will be using the 15 slide presentation and that will be analyzing Bradesco's main figures and ratios, comparing both the Third Quarter of '04, in relation to the Second Quarter and the first nine months period of 2003 and 2004. Let's move to slide number two please.

We highlight our quarter to quarter, 17.3% increase in net income and EPS. We maintain our policy to add shareholders value through our pay out policy. For the first nine months of the year we paid all provisions based on the usage of interest on capital. 49.2% of our net income.

This quarter was marked by one, a 223 million improvement on our net interest margin which will be further discussed on slide number nine. Two, a quantitative and qualitative growth of our loan book. Three, an increase of our fee income for the eleventh quarter in a row. And finally by four, the strong improvement of our efficiency ratio which moved from the reported 61.4% in the Second Quarter, to 54.4%. Even if we disregard the non-recurring events of the Second Quarter, the efficiency ratio improved from 57.8% in the second to 54.4% in the Third Quarter.

Slide number three, from the main figures presented here, I would draw your attention to the growth of 25.8% on the first nine months 2004 net income vis-à-vis the same period of 2003. Our EPS followed the same trend, increasing by 26.2% in the same comparison. Total assets reached more than R179 billion presenting a R15 billion increase over the last 12 months.

Our loan book increased by 2.7% in Q3, reaching approximately R60 billion. Over the last -- over the year of 2004, loans increased by 10.4% and over the last 12 months by 13.6%. Both in terms of quarter/quarter and period/period analysis, total deposits increased, especially in demands and savings deposit.

It is important to mention that on October 1, started in Brazil, the operations of the investment accounts which might have impacted the demand deposits by the end of the month of September. Regarding our asset management activities, changes in the portfolio mix can be observed as equity products increase it's participation from 5.4% of the total volume of assets under management, in the Second Quarter to 5.9% in this quarter.

Stock holders equity as of September reached R14.7 billion. Due to the cost of net income and to the positive effect of mark to market on available for sale securities, which helped to cushion the solid dividend payments/provisions. Slide number four. Our return on average equity moves from 20.5% to 23.3% in a quarterly comparison. In the first nine months of this year, this ratio moves from 18.2% in 2003 to 20% in 2004.

The return on average assets, stood at 1.7% in this quarter. We continue to distribute to our shareholders, a higher payout than the 30% foreseen in our bylaws.

The efficiency ratio already shows positive trend as evident by the 54.4% figure presented in this quarter, which already includes the provision made for the annual wage increase agreement to our banking employees. I would also highlight the continued improvement of our asset quality, both on a quarterly basis, as well as in the first nine months period comparison.

Our current BIS ratio stands at a solid 17%, assuring the strong capital base to increase our loan book over the coming periods. We would double our currency [ph] book, and we still would be standing at a higher ratio than the minimum 11% established by the Central Bank of Brazil. Our BIS ratio, of 17% would be divided, 12.15% in Tier 1, and 4.8% in Tier 2. To present this combined ratios will be further analyzed in the slide number 13.

Slide number five. Our credit portfolio increased by approximately 1.6 billion in this quarter mainly due to individuals and SMEs. It is important to emphasize the 8% appreciation of the REAL vis-à-vis the US dollar in this quarter, which impacted our dollar denominated credit portfolio when translated to the REAL, which are mostly loans granted to large corporates.

21.7% of our loans were denominated in foreign currencies as of September. Guarantees are reaching the 17 in REAL figure. As of September our allowance for loan losses, almost reached R4.2 billion, equivalent to 7% of our total portfolio. Required provision, total R3.3 billion and additional provisions, R913 million.

In September our D-to-H rated operations, corresponded to 8.4% of the book, and a coverage ratio for (inaudible) D-to-H rated operation increased from 142.1% as of September '03 to 159% as of June '04 and finally, to 165.1% in September.

Slide number six. Consumer finance continues to grow significantly due to A, the strength of Finasa's brand presents more than 12,000 auto dealers and more than 16,000 retailers. And B, to the good quality of each services.

Based on those issues, we believe that Bradesco has an important competitive advantage. The quarter/quarter consumer finance growth stood at 5.6% vis-à-vis the significant 38.6% increase over the last 12 months. The most important evolutions happened in direct lending and auto financing. And in which, Bradesco holds a 24% market share.

Considering auto financing, the acquisition in 2002 of Banco Ford and Ford Credit, the operational agreement with CF dealers in 2003, and with other auto makers like Scania, have proven to be solid strategic decisions taken by Bradesco's senior management.

On the direct lending side, our comprehensive branch network, the important number of our banking correspondent and the acquisition of Banco Zogbi, already full incorporated through Finasa give us focus and expertise for both accounts and non-account holders.

On the credit card side, we are just presenting the figures regarding revolving credit as if you were to consider all the other receivables, we would have an added increase of another R1.3 billion to the presented amounts reaching approximately R2 billion.

Slide number seven. Our corporate activities are summarized on this slide. Bradesco corporate was created back in '99 with a strong team of professionals who can use all the broad array of products and services provided by Bradesco. By operating together with our capital market and structured operating department, Bradesco Corporate have an important share of wallet in the large corporate market defined by companies with annual revenues higher, than R180 million.

Besides corresponding to 40% of Bradesco's loan book, and most of the guarantees, our corporate segment originates and coordinates equity and fixed income issuances, M&As and

tailor-made deals as shown as --at the right side of this slide.

Operationally, we also count on the strategic support of UFG in just in Asia. DBVA, and the (inaudible) in Latin America and Europe, and JP Morgan, regarding cash management solutions for clients operating in the U.S., to Brazil and vice versa.

Slide number eight. As you can see, we are here breaking down our securities portfolio. Trading securities represented 69% of the total amount of securities. Available for sale securities, 20% helped maturity, 9% and derivative and financial instruments, just 1%. We also highlight an increase of corporate bonds that is presented, as of September over 21% of the total portfolio vis-À-vis 14% by the end of June.

Slide number nine. The income from financial intermediation [ph] increased. Provisions for loan losses jobs approved of our asset quality improvement. AA to C rated operations presented 91.6% of the total portfolio vis-À-vis a 91.3% ratio in the last quarter.

According to data released by the Brazilian Central Bank last Tuesday, AA to C rated operations represented 89.4% of the total portfolio for the whole banking systems below our current 91.6%. Net interest income increased by 7.2% in the Third Quarter compared to the Second Quarter and by 6.3% when comparing the first nine months of '03 and '04.

In a quarterly comparison the 223 million increase of our net interest income was due to one, a R40 million increase on interest earnings income comprised by 111 million growth of average transaction volume offset by a R97 million drop on spread.

Two, by the R171 million of financial expenses previously allocated in technical reserves variation line. And three, by the R380 million increase of non interest earning income, driven by higher securities and trading gains and credit recovered.

Regarding the first nine months of this year, the R580 million increase in relation to the same period of '03, was due to one, the R1 billion increase on interest earnings income, comprised by a stronger appreciation of the REAL in the 2003 period compared with the 2004 period, which have impacted R510 million added by a high volume of transactions which contributed with R540 million increase.

Two, by the previously mentioned accounting procedure improvement of R171 million on financial expenses. And three, by the R273 million squeeze on securities and trading gains in the 2004, nine months period.

Slide number ten. Regarding fee income, we present as growth for the eleventh quarter in a row. This quarter we highlight higher fees deriving from credit operation, asset management, collection, and services. On the nine months '03 and '04 analysis, we highlight the growth in asset management, credit operations and service fee. Fees (inaudible) presented the highest increase, moving from 12 to \$R58 million, an impressive 383.3% year/year growth.

Slide number eleven. Bradesco's senior management is fully committed with our efficiency improvement, focusing on minimizing in particular, our cost base. Regarding personnel expenses, as in the last quarterly earnings release presentation, we are here depicting our nine months of '03 and '04 evolution in the upper part of the slide and our quarter/quarter evolution on the lower.

Aiming to help your analysis, we are here separating payroll expenses from severance cost and labor provisions. Therefore, we can show that there was a R225 million in the nine months comparison, as we booked R3.7 billion expenses, instead of 3.9 billion, showing the strong efforts of our cost control program.

In a quarterly comparison, there was only a R90 million increase including the R69 million provision charge for the proposal of the wage agreement that is still under negotiation.

Slide number twelve. Using the same rationale for administrative expenses, there was a R333 million decrease between September '03 and '04. And a R20 million decrease quarter/quarter reinforcing our commitment on cost control.

Slide number thirteen. Regarding the Bradesco Insurance Group in the upper part of the slide we are breaking down retail premiums, which corresponds to issued premiums minus reinsurance and cancellations of premiums, which is equivalent to our insurance private pension plans and savings bond net revenues.

One may also notice, that we have a strong concentration in life and pension plan premiums, corresponding to 47.6% of the total. Corporate health insurance corresponds to 16.8%, automobiles and property and casualty, 17.4%, savings bond, 11% and finally, in the widow health insurance with 7.2%.

The expanded combined ratio for September '04 stood at 100.3%. However, if we do not take into consideration non-recurring events, it would have dropped to 92.5%. Non recurring events where by the way we discussed in our last two quarters and are related mostly to incurred but not reported provisions conservatively made by our management.

Likewise, claims ratio would have moved from 84.6% to 76.8% and administrative expenses in relation to earned premiums from 13.1% to 11.9%.

Slide number fourteen. In this slide we present our goodwill to amortize. We are reducing our overall goodwill at a faster pace, reduce [ph] maintaining the current amortization levels. 61.6% of our stock of goodwill will be amortized up to the end of 2006.

Slide number fifteen. Finally, in this slide we present the scenario outlook made by Bradesco's economic team as well as the guidance concerning Bradesco, that may be further discussed during our Q&A section.

I thank you all for your attention, and now I would like to open the floor to your questions. Thank you.

Questions And Answers

Operator

(Operator Instructions)

Your first question is coming from Jason Mollin with Bear Stearns.

Q - Jason Mollin {BIO 1888181 <GO>}

Good morning. My question is about your outlook. And we see here in your presentation your outlook for the end of 2004. And you have been in the press -- made some statements about your outlook for 2005 specifically loan growth in the 23% range. My question is how sensitive is this loan growth forecast to your outlook for interest rate?

For example, we have some analysis here at Bear Stearns talking about the (inaudible) units that were released yesterday and where our economics team is now looking for a much more, let's say hawkish view in interest rates -- we've just raised our outlook for interest rates the ending 2005

and more in the 17.5% range. So my question is, how would that impact your outlook for loan growth or how sensitive is your outlook to loan growth to a couple 100 basis points in the interest rate in Brazil?

A - Jean Philippe Leroy

Jason, our macro scenario outlook for 2005 would be a 3.6% GDP [ph] growth. And by the end of 2005, we should have a FX [ph] rate R308, (inaudible) rate of 15%, and CPI of 6.1%. So based on this outlook we are expecting for next year a loan book expansion of around 23%. But you know it could have a range between 20 to 25. Its just a question that based on that we have a guidance of 23%.

Q - Jason Mollin {BIO 1888181 <GO>}

And what kind of sensitivity of that -- I mean maybe to talk about scenario analysis I guess this is your base case scenario. Would you suggest that if interest rates were a bit higher and growth a little bit lower that it would clearly -- I mean so far we've seen interest rates higher but growth be quite strong and you've been able to accelerate your loan growth. Is anything in the cards that could change this view? Has your economic team assessed the recent changes in the central bank and the interest rate outlook and the minutes from the (inaudible) meeting yesterday.

A - Jean Philippe Leroy

Actually based on the analysis, that we had and also to the last (inaudible) meeting, the report that was issued we feel comfortable, to be providing this type of guidance. Obviously, saying that the forecast in terms of the loan book expansion should be a range of some 20 to 25%. And we are pretty confident to be giving you this type of guidance.

But, depending on the evolution we have during the year of 2005, we might change that for more or less. You remember that in the First Quarter there was a very sharp decrease in GDP and we had to move down our expectations of loan book expansions for the year.

In the Second Quarter, on the opposite, the numbers got much better, and we revised our loan book up in the Second Quarter. So don't blame us if we change that in the next year but we feel pretty comfortable of providing this type of guidance.

Q - Jason Mollin {BIO 1888181 <GO>}

Thank you, very much your guidance is well -- is much appreciated.

A - Jean Philippe Leroy

Thank you, Jason.

Operator

Thank you. Your next question is coming from Paulo Rubeiro [ph] with Citigroup.

Q - Paulo Rubeiro

Good morning. My question is regarding the foreign exchange fluctuation you had during the quarter. You expected -- you didn't expect the REAL to strengthen as it happened according to the last estimates you gave in the last quarter. How do you play that -- during the quarter what measures did you take in terms of protecting your loan portfolio (inaudible) of your capital broader securities [ph] in order to take advantage or, at least protect yourself from that movement that was contrary to what you expected?

A - Jean Philippe Leroy

In terms of the effects of strategy we have equity of approximately one and a half billion dollars outside but we fully hedged this provision and because of that I believe you noticed that by the end of the quarter our position in terms of FX was totally square. So the idea that we have is to remain with this type of policy. We will continue to have important part of our equity outside but we will continue to maintain a square position in our assets and liabilities dollar denominated.

Q - Paulo Rubeiro

OK, thank you very much.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. Your next question is coming from Mariel Perry [ph] with Deutsche.

Q - Mariel Perry

Good morning, everyone. My question is on asset quality. We continue to see an improvement in your asset quality ratios level of non performing loans declining. However, in the latest figures that we got from Central Bank for the month of September we saw a deterioration in the delinquency ratio especially in consumer loan portfolio. Just wanted to know from your perspective, how do you see asset quality going forward and what levels of provisions do you expect for 2005? Thank you.

A - Jean Philippe Leroy

Actually the asset quality -- the biggest challenge that we had was to improve the asset quality during two years where we didn't have any type of loan book growth. Now that the loans are beginning to grow again basically since the Second Quarter of this year, mainly with individuals [ph], but now in the Third Quarter we notice an increase demand from SMEs. We feel pretty comfortable that going forward the asset quality should not deteriorate. We feel that the loan book will be growing as well as we have been preparing ourselves in terms of training and systems.

The risk management department follows very closely everything that happens. And we feel pretty comfortable that we should not see deterioration. We should see an improvement in the overall numbers.

Q - Mariel Perry

Jean, if you could comment then on the level provisions you expect for the next year?

A - Jean Philippe Leroy

In terms of provisions the excess of provisions has been standing around one and a half to 1.6% of the total book. I would say we don't envision to reduce that. We should be keeping around this number of the excess of provision. We have been increasing the excess of provision, quarter/quarter not very much also because the asset quality has been improved. And we feel comfortable with the level of excess of provision. So conceding the 7% if you strip off the 1.5% you have approximately 5.5%.

Moving forward we believe that we should be moving to closer to five and depending on the growth lower than 5%.

Q - Mariel Perry

Thank you.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. (Operator Instructions)

Your next question is coming from Yolanda Cortinez with JP Morgan.

Q - Yolanda Cortinez

I wanted to focus in on the cost cutting issue. You've done an excellent job. I was pleased with the results this quarter on that front. Obviously you have some benefits over the next couple of quarters just automatically from the headcount reductions that you've done so far. What else are you going to be doing aggressively from here? Is there more headcount reduction still to come? Are there other easy sources of additional cost cutting that you can still extract?

A - Jean Philippe Leroy

Yolanda, I would say the efforts that we have are not only focused in improving our personnel expenses. We are also concentrating a lot of efforts in improving the administrative expenses. We are changing processes. We are improving things in terms of the concentration and integration of the several banks. And one has to analyze the cost control as a whole.

You notice that both in terms of personnel as well as the administrative expenses we have dropped in real terms [ph] over the last years even though we are making so many changes in corporation. And obviously these costs -- it is an expenditure for the bank. But I would say in general terms we are analyzing ways maybe to a third party some processes. For example the maintenance of our ATM structure and the processing of cards because we have -- we are shareholders of Visa Net. And Visa I think is thinking on maybe creating a company just for doing the processing of the activities of cards.

We have been making investments in SAP. And up to the middle of next year we should have for the whole bank a working with SAP tools. That utility should be improving the overall cost structure of the bank.

In terms of personnel, we will be doing our best to follow the target to reach the 50% efficiency ratio by the end of next year. And this is a tough challenge but I would say most of the market has been recognizing all the efforts that we have been doing about this issue.

A - Jose Luiz Acar Pedro {BIO 1895666 <GO>}

Yolanda, in addition we will continue to analyze our overlap branches and ...

Q - Yolanda Cortinez

We could see some branch closings as well is what you're saying?

A - Jose Luiz Acar Pedro {BIO 1895666 <GO>}

Exactly. You know that we have the postal bank which is a very strong edge that we have vis-à-vis other peers and now that we've entered in the second phase of the postal bank where we can get from the 5500 branches of the postal service another 2500 that are franchises. So at the end we will have 8000 sales points from the postal bank in Brazil.

What we are analyzing is on the smaller towns or in the case of branches that are not profitable using the overlap that we have with the postal service to maybe reduce the number of branches.

We did the same you remember in terms of the incorporation of banks. We reduced our branch network by around 300 branches just by the incorporation of those banks. And with the postal bank we should be doing the same. And we could have a process of reducing the number of branches of Bradesco.

Q - Yolanda Cortinez

That's great. Do you have a specific target for how much you hope to -- are you going to be reducing your costs in real terms next year? Is that still your target?

A - Jose Luiz Acar Pedro {BIO 1895666 <GO>}

Yes the target is to reduce in real terms. And we will do our best to make the best that we can.

Q - Yolanda Cortinez

Thank you, very much.

Operator

Thank you, your next question is coming from Pedro Gomariez [ph] with ING.

Q - Pedro Gomariez

Hi everyone. This is -- Jean, I would really want to know like in the question about your -- of Yolanda regarding the numbers of people that you plan to have in the bank in the next quarters like in detail. I think that is extremely important.

And the second question is regarding the wholesale activity that you have -- the numbers that you put from Bradesco Corporate. I just want to know if you have any plan to make a spin-off of this corporate activity as it (inaudible).

A - Jean Philippe Leroy

Pedro, in terms of the headcount reduction we don't have any specific target. We have the target to reach 50% efficiency ratio by the end of next year. And we will do our best to make it happen.

In terms of the large corporate activities, we believe that there was a misunderstanding in the market about the strengths of our corporate activities. So that was the reason why we included this quarter a slide opening the number of -- a larger amount of information about the corporate -- corporations that we have that sometimes are in the book of the credit portfolio. Sometimes are guarantees. So they are not in the book directly. And sometimes they are capital market deals that could be, for example, we could have debentures of companies, so its included in the securities book.

We don't want to -- we are not pretending or expecting to make a spin-off of our corporate activities. But on a managerial basis, yes, we want to have more and more information that we are planning to provide to the market saying, 'Look, our large corporate activities, they are doing this type of business and they are adding this type of profit with cost allocation and with all the different analysis in terms of efficiency ratio and orders.' So the idea is to provide information about Bradesco Corporate on a more detailed basis.

Q - Pedro Gomariez

OK excellent. Thank you.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. Your next question is coming from Mariel Perry with Deutsche.

Q - Mariel Perry

Hi, Jean, I noticed also you bought about R3 million worth of shares during the quarter. Just wanted to get your perspective or your outlook for future share repurchases.

A - Jean Philippe Leroy

We have -- up to the end of this year, we have the program open. And we might be doing -- repurchasing more shares but we don't have a specific amount of shares that we are going to release about this movement. We have an amount of -- a large amount of limit that we could be repurchasing both in terms of voting and non-voting shares. We made some acquisition repurchased in the Third Quarter. And we might or we might not be repurchasing more shares in the coming quarters.

Q - Mariel Perry

Just to remind us what is the size of -- or how much more could you do? What is your limit?

A - Jean Philippe Leroy

The limit is approximately 4% of the stocks and it should be up to the end of this year. We opened this period about five months ago and it should be ended by November.

Q - Mariel Perry

Great. Thank you, very much.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. Your next question is coming from Paulo Rubeiro with Citigroup.

Q - Paulo Rubeiro

I'll ask a default question about acquisitions in your strategy. You mentioned integrations are going well. You've been maintaining costs and all that. And your segmentation [ph] strategy too. Anything else that you would be interested in terms to complete your mix of business?

A - Jean Philippe Leroy

Over the last couple of years, we have been, I would say, looking at good opportunities or acquisitions. But -- sorry over the last -- since '97 we have been doing approximately 20 acquisitions in banking, asset management and consumer finance operation. Over the last two years, we have been integrating all these structures into Bradesco. So I would say the effort that we have now is more to the inside than to the outside. It's clear that the market also shrunk in terms of good opportunities of acquisitions.

It's also clear that as Bradesco has a focus in Brazil, we will always be looking at opportunities but we are not looking more aggressively to that. We are very happy in how we are standing both in terms of wholesale and retail. And we will be looking closely the next four or five privatizations that

should be coming over the next year or two. But there is no specific part or segment that we feel weak that we should be focusing more. Bradesco is very strong everywhere and we just have to focus more on the inside. And on the outside it will be more organic growth than acquisitions.

Q - Paulo Rubeiro

Great. Thank you.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. Your next question is coming from Steven Barry [ph] with Thames River Capital.

Q - Steven Barry {BIO 21643757 <GO>}

Hi. Good morning. I had a question on personnel expenses. In the Third Quarter of 2003, you booked a single payment bonus of R98 million and in the Third Quarter of this year it's only 14 million. Just wanted to confirm that there wouldn't be any additional costs booked in the Fourth Quarter for the single payment bonus. Thanks.

A - Jean Philippe Leroy

OK. What we made in this quarter was a provision of R69 million for the wage agreement and inside that you have R18 million that are just for one month of salary increase based on the actual proposal you have to remember that the agreement is not signed and defined yet.

But for the last quarter of this year we could -- we should be -- if the proposal is accepted the way we propose, you should have an increase of a variation if you want of R36 million vis-À-vis the Second Quarter because this quarter you had R18 million and for the next quarter this same 18 plus another 36 million. But the difference of 69 minus 18 was a one time -- a provision that should not be repeated in the last quarter of '04.

Q - Steven Barry {BIO 21643757 <GO>}

But in terms of the single payment bonus which is a separate line item, it was actually 98 million last year and only 14 million this year. And as I understand the actual Reais amount of the bonus will be the same this year as last year?

A - Jean Philippe Leroy

OK in terms of this bonus that we have on separated line, we provisioned every month. So you should not see variations quarter/quarter because what we do every month is the provision for the month as well as for the quarter. So you should not see strong variations in this line. Sorry, I didn't understand your question but I hope that I responded it.

Q - Steven Barry {BIO 21643757 <GO>}

OK, thank you very much.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. (Operator Instructions)

A - Jean Philippe Leroy

OK gentlemen. I would like to end the conference call, and transfer the floor to Mr. Acar, please.

A - Jose Luiz Acar Pedro {BIO 1895666 <GO>}

Thank you, all for the attention at this conference call. And our team is available for additional questions you may have. Have a nice day. And I hope to meet you in the next quarter. Thank you, very much.

Operator

Ladies and gentlemen. the Bradesco Third Quarter 2004 Earnings Results Conference Call is over. You may disconnect now. Thank you.

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