

Q3 2003 Earnings Call

Company Participants

- Jean Philippe Leroy, IR Executive Superintendent

Other Participants

- Carlos Gomez, Analyst
- Jason Mollin, Analyst
- Mario Pierry, Analyst
- Yolanda Courtines, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to Banco Bradesco's Third Quarter 2003 conference call.

Today we have a simultaneous webcast with a slide presentation on the Internet that can be accessed at the site, www.bradesco.com.br, investor relation area. There will be a replay facility for this call on the website.

We inform 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 question-and-answer session. At that time, further instructions will be given. Should any participant need assistance during this conference, please press star-zero for an operator.

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 the 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'll turn the call over to Mr. Acar, Executive Vice President and Investor Relations Officer. Sir, you may begin.

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José Luiz Acar Pedro: Good afternoon. Welcome to our Third Quarter conference call. Banco Bradesco's net income reaches 1.59 billion reais [ph] in the nine-month period ending September 30th, an increase of 20.1% compared to the same period of 2002.

In this quarter, we boasted a net income of 564 million reais, 8.7% higher than in the Second Quarter, which is [ph] 519 million reais. Earnings per thousand share stood at one real in the nine-months period of 2003 vis-a-vis 0.93 [ph] reais in the same period of 2002, resulting in an 18.2% (inaudible) in average equity for the nine-month period of this year.

We paid [ph] your [ph] provision tax and social contributions, including pension plan in an amount greater than 2.3 billion reais in the period, equivalent to more than 149% of our net income. Stockholders equity [ph] totaled 12.9 billion reais, a 23.5 [ph] % jump year over year.

We're [ph] restating our bonuses [ph] to add value to all our shareholders. We paid your provision nearly one billion reais as interest on all capital compared to 316 million in 2002, a 216-% increase.

Our total assets surpassed 164 billion reais, an annual increase of 17.3%. Total assets under management by brand exceeded 90 billion reais, a year over year increase of 53.5%.

On the operational front, this quarter was characterized by the incorporation process of BBV bank branches. On September 22nd, 368 branches entered Bradesco's network.

And in the Second Quarter, we had incorporated Banco Mercantil de Sao Paulo's branch network, on May 19th, 168 branches. And by the end of the First Quarter of 2004, we will have incorporated Biscian [ph] Bank into Brazil [ph] to completing the entire incorporation process of banks.

Next year, our conglomerate, we will operate with only two banks, Bradesco and Penata [ph]. In addition, Bradesco will continue to operate in the Postal branch network, the Brazilian postal service. Our postal branch network is experiencing rapid growth this quarter.

The number of postal service office serving Bradesco products increased by 314. By June 4th [ph] next year, the more than 5,400 branches of the postal service network will be equipped to distribute our products.

Client base exceeded 14 million with more than 605,000 accounts open from the 3rd [ph] of July through the end of September. Despite weak demand for loans in the; in this quarter, Bradesco continued to foster [ph] credits, reaching a 52.7 billion book in addition to more than six billion reais in guarantees.

Bradesco continues to diversify its loan portfolio across all sectors and clients. We had (inaudible) our solid [ph] positions in trade [ph] (inaudible) in particular in exports as well

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as in agriculture.

Mortgage loans (inaudible) operations. In light of the improved Brazil [ph] risk combined with Bradesco's, the strong brand we issued last week, \$500 million in subordinated debt with a maturity of 10 years and [ph] using our very attractive annual 8.875%.

Our consortium [ph] operations continued to outperform our most optimistic expectations with revenue in excess of 1.6 billion reais. From September 16th to October 2nd, Bradesco held its two [ph] of [ph] annual meetings attended by more than 2,000 analysts and portfolio managers in the cities [ph] of the Brasilia [ph] Puerta Legarie [ph], Beloresonto [ph], Puerta Liza [ph], Rio Janeiro [ph]. And Sao Paulo.

Finally, I would like to note the following awards that Bradesco received in this quarter in Brazil. Batriateo Bank [ph], best (inaudible) manager, best publicly traded company. And more recently company with the highest standard for respect for the consumers and the environment.

Abroad we received the following awards. Best Internet bank for individuals in Brazil. And best site for individuals and companies in Latin America, as well as the best company to do business with in Brazil.

I now give the floor to Jean. But I will be available for further questions in the Q&A session. Thank you, very much.

Jean Philippe Leroy

Good afternoon, ladies and gentlemen. This quarter was impacted by the following macroeconomic reliables [ph].

The slight [ph] valuation of the real relative to the dollar, following interest rates, 600 basis points in the period, motivated by a decrease in inflation, reduction of reserve requirements on demand deposits from 60 to 45% in (inaudible). And finally by an increase of the (inaudible) from three % to four %.

As it regards Bradesco, confirming what Mr. Acar stated, we incorporated BBV Banco on September 22nd. We also continued with implementation of the Postal Bank, as well as the segmentation of our whole business model.

In addition, personnel expenses increased due to the collective labor agreement, (inaudible) impacting a third of the quarter. I would also like to inform you that with respect to improving disclosure of information, we changed the format of our press release. And last week we launched our new IR site.

Let's move to slide number two. Bradesco net income reached 1.59 billion reais in the first nine months of 2003, an increase of 20.1% vis-a-vis the same period of the previous year.

The Third Quarter net income was 564 million reais, an increase of 8.7% in comparison to the Second Quarter. Our quarterly results for this year have improved, as you know, quarter after quarter.

I would like to highlight that the increase in interest among [ph] capital (inaudible) provisions totaled near a billion reais in the first nine months of this year.

Slide number three. I would like to note that earnings per 1,000 shares were one real against 0.93 reais the year before, an increase of approximately eight %.

Total assets reached 164.4 billion reais, growing by 17.3% in relation to September of 2002. Excluding the acquisition of BBV Bank, total assets would have increased by 10.1%.

Asset management fund [ph] rose to 90.6 billion, a substantial year-over-year increase of 53.5%, demonstrating the solid name of Bradesco and the quality of management of Bradesco asset management brand.

Just in this quarter, total assets under management increased by more than 7.3 billion reais. Loan portfolios totaled 52.7 billion reais, remaining practically unchanged not only in relation to September of the previous year but also in comparison to June of this year. This process reaffirms the low level of demand for credits in Brazil by both individuals and companies.

Total deposits were greater than 58 billion reais, an increase of 4.4% for the year and 2.7% for the quarter. The evolution [ph] in deposits is a reflection largely of the increase in time deposits that grew from 24.5 billion to 25.8 billion during the Third Quarter.

Stockholders equity totaled almost 12 billion reais, sorry; growing by 23.5% for the year and by 3.6% for the quarter due to the increase in net income and the increase in owned capital and the effect of marking to market our securities available for sale.

Slide number four. The return on average equity reached 18.2% in the first nine months of this year, slightly above the level of 18% registered [ph] in the same period of 2002.

The return on average assets reached 1.4% in the first nine months of this year, the same level registered [ph] in the same period of 2002, in spite of the growth of assets related to the acquisition of Banco Mercantil de Sao Paulo and BBV Bank.

Pay outs and provisions for our dividends net of tax impact reached a significant 56.2% for the first nine months of this year. BI's [ph] ration continues to be extremely comfortable at 15.9% in comparison to the 11% minimum requirement for Brazil.

Fixed asset ratio is also at a very good 44.3% level, at a financial consolidated level. The maximum stipulated by the Central Bank of Brazil is, as you know, 50%.

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If you were to consider our most recent issue of \$500 million of subordinated debt in October last week, these ratios, which reached; which have been reaching 17.3% for the BI's [ph] ration and 40.8% for the fixed asset ratio.

Slide number five and number six. In these two slides we detail the progress and performance of Bradesco Segundo's [ph] group. That includes the activities of insurance, pension plan. And annuities.

Revenues for premiums and contribution experienced growth of 27.7% in a period-to-period comparison from 6.9 billion reais to 8.8 billion. Changing [ph] technical reserves rose from 1.38 [ph] billion to 2.6 billion, another demonstration of the conservative management approach of the insurance group.

In relation to results for this group, net income decreased from 538 million to 439 million reais as a result of deterioration [ph] in the appearance [ph] of insurance claims observed in the market in genera, the greater [ph] (inaudible) to provision for IB&R [ph] in the Second Quarter, as you know, which went from six to 12 months in the calculation for health insurance. And a negative impact of our state in IRB [ph] in the Second Quarter this year.

On a quarterly comparison, the results for Bradesco Segundo's [ph] increase from 94 million to 192 million reais for the same motive [ph] already presented and in addition, an improvement in the extended combined ratio that moved from 99.5% in the Second Quarter 2003 to 95.1% in this quarter itself.

We also would like to highlight the continued increase in guaranteed assets of technical reserves reaching 25.9 billion reais, a very comfortable level in the event of any actuary obligations of the insurance group.

Slide number seven. For the first nine months of this year, results are accounted for as follows. Sixty-eight % for banking activities, 28.5% for the insurance activities. And 3.5% for the non-consolidated items of our income statement.

Slide number eight. Net interest margin adjusted for a recording and reversions of provisions for foreign exchange effects in volatility which are accounted for in auto [ph] operating revenue and expenses. As well as you can observe that the adjusted net interest margin reached 8.6% in the first nine months of this year vis-a-vis 7.8% in the previous year.

In absolute terms, the net interest margin (inaudible) moved from 9.6 billion, expanding by 35% in comparison to the same period of 2002. For the quarter itself, the adjusted net interest margin was 8.2%, practically unchanged from the 8.1-% level of the previous quarter.

In absolute terms, the net interest margin reached 3.2 million reais, expanding seven % in relation to the previous quarter.

On a foreign basis, the adjusted net interest margin remains stable, reflected not only biologically [ph] the reduction in the volatility of the exchange rate dollar to real.

Allowance for loan losses expenses amounted to approximately two billion reais in the first nine months of this year, a decrease of 10.8% in relation to the same period of the previous year, demonstrating the quality of our credit portfolio.

Let us turn [ph] to slide number nine and 10 together. In slide number nine and 10, we discuss securities in [ph] the (inaudible) portfolios.

Comparing the mix of the portfolio in September of 2003 with September of 2002, there was a change in the profile of the portfolio, much abated [ph] by the maturity of the existing securities. On a quarterly comparison, the mix remained stable.

Slide number 11 and 12 together. Let's now focus on the analysis of the credit portfolio.

The portfolio closed for the period with a volume of almost 53 billion reais, representing a 32.1%; 32.1% of the total assets, remaining practically unchanged not only in relation to September of the previous year but also in comparison to June of this year, thus [ph] confirming the low level of demand for credit in Brazil.

Nevertheless, we observed that the average volume of loans represented a slight improvement of three % between the second and the Third Quarter of 2003 highlighted by industry and individuals.

In September of this year our ratings AA to C reached 90.4%, remaining stable in relation to September of 2002. On a quarters basis, the ratings AA to C will prove [ph] positively, going from 90.1% to 90.4%.

We reaffirm as such that analysis [ph] on a yearly basis has a greater validity for credit portfolio due to the maturity of the operations instead of just focusing quarters.

Slide number 13. On this slide, we can observe that the quality of our portfolio ratings AA to C is better than the average of the private sector, as well as the financial system as a whole. This reflects a more selective granting process due to the constant improvement in credit scoring.

Slide number 14. Operations past due and falling due rated between E and H reached 2.9 billion reais in September of 2003, remaining at the same level as of 2002.

On the other hand, the coverage ratio of these operations evolved substantially between September of 2002 and September of 2003, growing from 129.7 to 142.1%. Required provisions remain constant, with 3.34 billion in September of 2002 vis-a-vis 3.33 billion reais in September 2003, equivalent to 6.3% of the whole book for both periods.

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But on the other hand, the [ph] set [ph] of provisions reached 822 million in September of 2003, evolving 93.9% in relation to September of the previous year and remaining relatively stable to the previous quarter.

Slide number 15. In this slide, we observe that in the comparative quarterly analysis, operations past due and falling due rated between E and H experienced marginal gross of 176 million; sorry, 51 million reais and that the coverage ratio remains stable in the two quarters.

A set [ph] of provisions reached 822 million in the Second Quarter of 2003, a significantly comfortable level. Required provisions remained stable in the two previous quarters.

Slide number 16. In this slide, we show how delinquency ratios have progressed, as measured by total past due and falling due operation classified in our ratings of D [ph] to H in relation to our credit portfolio and call [ph] (inaudible) ratio of these operations.

Delinquency ratios have shown little volatility since the Third Quarter of 2002, oscillating [ph] between 5.3 and 5.5%. This behavior demonstrates that the level of delinquency in our portfolio is being managed appropriately.

We would like to stress the fact that Bradesco follows strictly regulations regarding charge off as established by the Central Bank of Brazil, Resolution Number 2682 of 1999 such that these ratios that we are looking in the slide, we (inaudible) regularly the behavior of our credit portfolio.

Nevertheless, Bradesco has adopted a provisionally conservative posture in that the coverage ratio evolved from 129.7% in the Third Quarter of 2002 to 142.1% in the Third Quarter of 2003.

Slide number 17. In this slide, you can see the evolution of commissions and fees for the first nine-month period of 2003. The total income in this line reached 3.3 billion reais in the period, rising by 20.2% in comparison to the level of 2.7 billion registered [ph] in the first nine months of 2002.

This growth reflects the complement [ph] of Bradesco with; of Bradesco's management in the analysis of this line with [ph] the importance of free income in the mix of our business results.

As you can observe, income from commissions and fees is growing continuously mainly due to the proper growth of the branch and also by the acquisitions. Growth continues to be well spread across all the lines. We highlight, nevertheless, the performance of our current [ph] account rate service fees, credit card fees. And also asset management fees.

Slide number 18. In relation to operating expenses, we provide explanation for two topics; personnel expenses and other administrative [ph] expenses. In relation to personnel expenses, the nine-month period was impacted by (a) the acquisition of BBV Bank.

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That impacted four months in 2003. (b) the impact of the collective labor agreement and profit sharing. And (c) by the increase in training expenses. And (d) by the increase in expenses related to benefits.

On a quarterly basis, let us note the impact of the acquisition of BBV Bank, the incorporation of BBV Bank branch network into Bradesco's. And a collective labor agreement that amounted to \$171 million reais totally, of which 31 million are recurring. The other were [ph] a one-shot payment. And should not be continued going forward.

As for administrative [ph] expenses, the nine-month period was impacted by the acquisition of BBV Bank. An increase in these expenses, in fact, was predicted by the success of the auction. So now we pay rent on the branches that we auctioned and was a very huge success, as you know; and by the readjustment of tariffs and several different prices.

On a quarterly basis, the expenses did not rise significantly, having been impacted mainly [ph] by the acquisition and incorporation of BBV Bank branches and client base.

Slide number 19. This slide discloses the impact of foreign exchange, again, net from tax effect for those periods that we have been discussing. Due to the appreciation of the real to the dollar, we booked the entire provision for the entire Second Quarter of this year.

In the Third Quarter of this year, with the reduction of the foreign exchange volatility, the foreign exchange effect on Bradesco's results were (inaudible).

Slide number 20. The total of excess [ph] of provision reached 542 million reais. Again, this is net of taxes in the Third Quarter of 2003, remaining practically unchanged in relation to the Second Quarter of 2003.

But let us now move the floor to the Q&A session. So thank you for your attention. And let us begin with your questions.

Questions And Answers

Operator

At this time, I would like to remind everyone, in order to ask a question, please press the numbers one followed by four on your touch-tone telephone at this time.

If you would like to withdraw your question, please press the pound key. Once again, that is one followed by four on your touch-tone telephone at this time.

Your first question is coming from Jason Mollin of Bear Stearns. Please state your question.

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Q - Jason Mollin {BIO 1888181 <GO>}

Hi to everyone. My question; my first question is related to the trading games during the quarter. Could you quantify the realized gains on the securities portfolio that we; that you posted in the quarter on a consolidated basis?

And my second question is related to the comment in your press release that you see the start of growth perspectives in the loan portfolio in the Fourth Quarter. If you can talk about that in relation to the guidance that you've been giving us for the full year growth if you think you're still going to be able to meet that through growing your loan book in the Fourth Quarter.

A - Jean Philippe Leroy

Hello, Jason [ph]. Actually I will be giving you the mark-to-market effect because of the different types of securities that we own in the book instead of giving you the trading gains themselves.

Just as you know, for the securities that impact the profit and loss accounts, we had 65 million reais impact in the Third Quarter of this year. And the securities that impacted the equity, they also increased the (inaudible) by 247. So 65 million reais more in profits because of the mark-to-market of the securities that attract results and 247 million reais effect that increased the equity just in this quarter.

Q - Jason Mollin {BIO 1888181 <GO>}

Jean, just a follow-up on that. So that's 65 million reais for trading gains that impacted the income. That includes; that's not just the trading the securities characterized as trading. That's also the realized gains unavailable for sale securities that were sold in the quarter if there were any?

A - Jean Philippe Leroy

This is just the effect from mark-to-market. Okay? This was the effect on mark-to-market gross [ph] of taxes 65. And when we talk about the 247, be [ph] already net of taxes and they [ph] raise the equity of the bank. This is just the mark-to-market effect.

Q - Jason Mollin {BIO 1888181 <GO>}

So was; the trading effect would be much; the total realized gains would be much more significant in the quarter. Correct?

A - Jean Philippe Leroy

Yes, it would be higher because also of the effect impacting those gains. And for the Second Quarter, you mentioned about loans.

We believe that we could be; we are able, looking at the scenario nowadays, to increase in the last quarter of the year our loan book around five % is the guidance that we would like to give you for the last quarter of this year.

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Q - Jason Mollin {BIO 1888181 <GO>}

And what about going forward? Do you expect that to accelerate into, kind of, a quarterly basis, that this five % would be sustainable on a quarterly basis throughout next year?

A - Jean Philippe Leroy

For next year, we anticipate based on that 3.6% (inaudible) gross for 2004 that we would be able to increase the loan book between 20 and 25% again. We are always talking in nominal terms, not in real terms.

Q - Jason Mollin {BIO 1888181 <GO>}

Thank you, very much.

A - Jean Philippe Leroy

You're welcome.

Operator

Thank you. Your next question is from Mario Pierry of Deutsche IXE. Please state your question.

Q - Mario Pierry {BIO 1505554 <GO>}

Good morning, everybody. I have two questions. The first one is I noticed that you had about 98 million reais in gains from the auction of branches. I wanted to know if you could quantify how many branches were actually auctioned off and also how many branches do you plan to close following the integration of BBV?

Also; and then my second question is on the share buyback program. I wanted to know how many shares were bought during the quarter and if you plan on increasing the share buyback program once it expires in November, especially given your healthy DIS [ph] ratios.

A - Jean Philippe Leroy

Okay. Just to let you know totally since the beginning, the first auction was on June last year, June the 19th. We totally sold 549 branches to investors, basically individuals that are buying those branches.

Just in the Third Quarter we had 195 branches being auctioned in five different auctions, the first on July the 3rd. And the last one was in August the 23rd.

In terms of the share buyback program, this share buyback program is open, as you mentioned, up to November. We didn't buy back shares. It is a quick note in the balance sheet. You can just read that in the footnote. And we should be renewing the repurchase period for another period.

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Q - Mario Pierry {BIO 1505554 <GO>}

Okay. If I can just follow up then on the branches, as I understand, you incorporated 368 branches from BBV this quarter. And you closed about 195. Is that right?

A - Jean Philippe Leroy

No, you are; we are talking of two different things. We incorporated the BBV branches into Bradesco. But we sold in auctions branches belonging to Bradesco to investors. And those branches generated gains to Bradesco.

And the other profit is the incorporation of branches and the closing process [ph] of branches from BBV because of this merger of banks into Bradesco alone.

Q - Mario Pierry {BIO 1505554 <GO>}

Okay. And how many more branches should we expect to be auctioned off in the next 12 months, let's say?

Operator

Does that answer your question, sir?

Q - Mario Pierry {BIO 1505554 <GO>}

I just had one more follow up of...

Operator

Go ahead [ph].

Q - Mario Pierry {BIO 1505554 <GO>}

... how many branches we could expect to see.

A - Jean Philippe Leroy

Approximately [ph] 100 branches more going forward.

Q - Mario Pierry {BIO 1505554 <GO>}

: Okay, Jean. Thank you, very much.

A - Jean Philippe Leroy

You're welcome.

Operator

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Thank you. Once again, if you do have a question, you may press one followed by four on your touch-tone telephone at this time.

Your next question is coming from Yolanda Courtines of JP Morgan. Please state your question.

Q - Yolanda Courtines {BIO 1552757 <GO>}

Good morning. I wanted to focus in on the issue of asset quality.

While I appreciate that your DT [ph] rate loans have remained relatively stable as a percentage of loans, if you look at reversing for charge offs and the likes [ph], the E through H that we look at in the quarter, you did have an important deterioration of the absolute amount of net new [ph] past due loans or net new [ph] E through H loans in the period.

I just wondered if you could comment on why you think that's happened, if that's a trend that we should see go forward, if there were one-offs from very specific sectors or if you could give us any insights into that.

A - Jean Philippe Leroy

Yolanda, just to give an idea, yes, it's true. The level of E through H increased a little bit, a little bit more concentrated in the E-rated [ph] operations. But just the normal process, nothing very relevant in terms of company.

We would just be mentioning that we had approximately 55 million reais that we booked at E rating for the re-securitization [ph] of agricultural assets. But that's it, nothing very relevant on this front. We believe that going forward, the trends for asset quality should not deteriorate, as we mentioned. They should be on the other way. They should be improving. This was just a cultural effect.

Q - Yolanda Courtines {BIO 1552757 <GO>}

And so, the increase in charge offs, as well, would just be a lagged effect from; more from problems last year that should work out now going forward?

A - Jean Philippe Leroy

Yes. The charge offs, they should be standing between four and five %. This is the range that we believe is correct. As we mentioned in the presentation, we do not accelerate the write offs of operations just to show better ratios. We just keep on following exactly the resolution from the Central Bank of Brazil.

Q - Yolanda Courtines {BIO 1552757 <GO>}

Yes. But this quarter's was 6.7. So it definitely was a tick up from there. But that should go back to the four to five % you're saying?

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A - Jean Philippe Leroy

Exactly.

Q - Yolanda Courtines {BIO 1552757 <GO>}

Okay. Thank you.

A - Jean Philippe Leroy

You're welcome.

Operator

Once again, if you do have a question, please press one followed by four on your touch-tone telephone at this time.

Your next question is coming from Carlos Gomez [ph] of Citigroup Asset Management. Please state your question.

Q - Carlos Gomez {BIO 15024854 <GO>}

Hi. Good morning. Regarding expenses, the guidance you give us of 31 million reais per quarter, is that per quarter or per month? And I would also like to know if in the increase when you talk about benefits, are those health benefits or does it include possible provision for severance payments? Thank you.

A - Jean Philippe Leroy

Carlos [ph], just to let you know, this 31 reais is an impact per month,...

Q - Carlos Gomez {BIO 15024854 <GO>}

Okay, per month.

A - Jean Philippe Leroy

... not per quarter.

Q - Carlos Gomez {BIO 15024854 <GO>}

Okay.

A - Jean Philippe Leroy

Okay. Just a second. And the part of benefits are just relative to benefits in general, nothing in the front [ph] that you mentioned.

Q - Carlos Gomez {BIO 15024854 <GO>}

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Okay. Is there anything like that in [ph] giving this; given in this quarter or should we expect anything like that in next couple of quarters?

A - Jean Philippe Leroy

Should we what? Is that [ph] what?

Q - Carlos Gomez {BIO 15024854 <GO>}

Should we expect anything in that area in the next couple of quarters?

A - Jean Philippe Leroy

No. No. It'd be just looking what [ph] we are posting, no.

Q - Carlos Gomez {BIO 15024854 <GO>}

All right. Thank you.

Operator

As a final reminder, if you do have a question, you may press one followed by four on your touch-tone telephone at this time.

There are no further questions at this time. Mr. Jean, please proceed with your final remarks.

A - Jean Philippe Leroy

Okay. I will thank you for being present in this call. Again, the investor relations area is open to further questions and we should have in approximately one hour another conference call in Puertovu [ph] for those who would like to attend. Thank you, again. And I'll see you next time.

Operator

Ladies and gentlemen. the Bradesco Third Quarter 2003 conference call is over. You may disconnect now. Thank you.

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