Operator:

Good morning, ladies and gentlemen. We would like to welcome everyone to Banco Bradesco's 1Q15 Earnings Results Conference Call.

This call is being broadcasted simultaneously through the internet in the website, www.bradesco.com.br/ir. In that address, you can also find a banner through 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. Should any participant need assistance during this call, please press *0 to reach the operator.

Before proceeding, let me mention that forward-looking statements 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. Carlos Firetti, Market Relations Department Director. Mr. Carlos, you may proceed.

Carlos Firetti:

Good morning everybody. Welcome to our conference for discussing our 2Q15 results.

We have today with us Luis Carlos Angelotti, Executive Managing Director and Investor Relations Officer of Banco Bradesco and Alberto Chamberlain, Director of Bradesco Seguros. I will turn now the presentation to Mr. Angelotti.

Luis Carlos Angelotti:

Good morning, everyone. It is a pleasure to see you in our Bradesco’s 2Q conference.

We start on slide 2 with the highlights of the period. Our adjusted net income in the 1H reached R$8.778 billion, increasing 20.6% when compared to the same period in the year before, and R$4.5 billion in the 2Q. Our ROAE reached 21.9%. Our NII-earnings portion increased 17.8% in 1H15.

Our efficiency ratio reached 37.9%, its best level ever in our Organization. And the operating coverage ratio reached 78.7%. This index represents how much our fees cover our operational costs.

Our fees and commissions increased 11.8% in the 1H, pushed by the cards evolution and our client segmentation improvement that we are implementing new segments, and now we start to have the benefits. And the investments in the digital channel is helping us to improve the number of products per client.

Our operating expenses grew 6.1%, below inflation IPCA in the period. Our total assets reached R$1,030 trillion and our expanded loan portfolio reached R$463 billion. Our net income from the insurance business is around 1/3 of our profit. It is the diversification that we have in our portfolio that is net income reached R$2.566 billion. And the total insurance premiums bring 19.4% above the previous year.

Now, Carlos Firetti continues with the details in our presentation.

Carlos Firetti:

Going on to slide three, we have the adjustments in our net income. We have a clean quarter with no major adjustments. Our adjusted net income in the quarter grew 18.4% year-on-year, reaching an ROAE in the quarter of 22.7%. In 1H, our net income grew 20.6% year-on-year, with ROAE reaching 21.9%.

On slide four, we have the adjusted net income growth, focusing specifically on the quarter-on-quarter variation. Earnings grew 5.4%. In terms of the major drivers, we still had a good performance in terms of NII from interest benefited by our spreads.

Also, spreads in the funding side, where we have been able to get improvements, banking fees benefitting from our segmentation and good performance in the card segment, where we also had impact from the consolidation of Cateno through Cielo. Good performance in insurance and lower net operating expenses, because we did not have the same level of provenience as in the 1Q.

This was partially compensated by lower non-interest NII and higher operating expenses quarter-on-quarter, despite we are still having a very good performance in terms of expenses.

Going to slide five, our net income breakdown shows our diversification in terms of sources of income. Our insurance business represents 29% of our total earnings while banking operations, 71%. On that, credit intermediation, 34%, fees, 28% and securities and others 9%. Interesting to notice that non-credit related activities represent 66% of our net income.

Going to slide six, our efficiency and operation coverage ratios. We reached this quarter, again, our best efficiency ratio ever, with 37.9% with strong control of expenses, the maturity of our investments is acknowledged, positively impacting our efficiency and also good performance in terms of revenue. Our operating coverage ratio reached 78.7%, also our best level ever.

In slide seven, we show some numbers related to our NII. Basically our total NII grew 12.% year-on-year, while our NII from interest grew 13.9%. These numbers are above our guidance for this line, which we have revised and will show at the end of this presentation. Our NIM increased in the 12 months accumulated 10 b.p. quarter-on-quarter.

NII from the interest basically we had in the 1H15, compared to 1H14, a 17.8% increase. Credit intermediation grew 11.7%, as I said, benefited by good performance in terms of funding and also spread on the corporate loans.

In terms of insurance, we have an year-on-year growth of 31.3%, benefited by the tax in the 1H of the IPCA inflation, but also benefited by the strong performance in terms of premiums that increase our reserves. And, also, a good performance in securities and others, growing 58.9% in the comparison of the 1H. That benefits from our asset liability management and the investments of our equity.

On slide nine, basically the net credit intermediation margin. Basically the grossmargin grew 10 b.p., and after provision also 10 b.p. quarter-on-quarter. The total margin from credit grew 10.2% year-on-year in the 2Q and net of provisions 8.8%.

On slide 10, our BIS ratio, basically considering the schedule of implementation of BIS in Brazil. Our common equity ratio increased from 12.1% to 12.8%, that is still basically due to redemption in our risk-weighted assets, by the relatively slow growth in terms of credits and also reduction in the market risk components. This index was also benefited by our accumulated profits in the quarter.

In terms of our fully loaded BIS ratio, we have 12.6%, which we consider very comfortable for the moment. And, as we have been saying, this number should be growing over the coming years, as we should be accumulating more capital than the necessary for the pace of growth of our level.

In slide 11, the evolution of our total assets and shareholders' equity. Our total assets grew 10.6% year-on-year, with our return on assets at 1.7%. Our shareholders' equity grew 13.2% year-on-year, with our ROAE reaching 21.9%.

On slide 12, we have an analysis of our expanded loan portfolio. Basically, we grew our total loans 6.5% year-on-year, without the impact of FX in the period, it would be 3.3%. In terms of drivers for growth, in the year-on-year comparison, we have the corporate portfolio, with an increase of 10.7%, benefited by the FX.

We have been growing less in our SME portfolio as in the previous quarters, considering the economic moments we are facing. And in the individuals portfolio, we continue to have the main drivers for growth with payroll loan portfolio, with an increase of 17.2% year-on-year, and the real estate financing portfolio, increasing 26.4%, year-on-year.

On slide 13, we have a slide with our delinquency ratio numbers. The 90 days increased 14 b.p. in the quarter, individuals increasing 13 b.p., SMEs, 16 b.p., and corporates, 23 b.p..

We have some specific cases in the corporate portfolio, in taxing this NPL for corporates. Clearly these numbers are slightly worse than we expected, but we believe our portfolio is very sound, and we do not expect any major trend of increasing NPLs in the coming quarters.

Our 15 to 90 days delinquency ratio did not return to the levels we expected, since we have been seeing, we believe it was mostly seasonal. We still have some growth in the ratios this quarter, but we have seen some improvement in shorter term delinquency, and we expect we could still see improvements going forward. Let us see how that behaves going forward.

On slide 14, we have our provisioning and coverage ratios. We still have a very comfortable level of NPLs coverage, with 90 days coverage reaching 180.4% and 60 days NPLs coverage reaching 146.5%. We are always very consistent in terms of our provisioning and we do not expect this to change, we will continue with our provisioning policies going forward.

In terms of effective coverage ratio, it reached 223.3%, very comfortable level, this coverage ratio is basically how provisions cover losses, we would like to focus on this index, and it shows also the consistency of our provisioning.

On slide 15 we have our fees and commissions income. Basically in the 1H comparison we had an increase of 11.8%, going to the top of our guidance, as we have promised. We have said it would be1Q, we expected.

This good performance is driven by a good performance in cards, which was partially benefitted by the consolidation of Cateno in Cielo, that is captured in our fees from cards, but also I can tell you that the performance in the cards segment is by itself doing very well in all lines.

Checking accounts, we benefit from the segmentation we have been implementing. We mentioned, we expected this line to show an improvement throughout the year, and it started to show it in the 2Q, an year on year growth in checking account fees, 18.8%.

As we said, we have created new classes of services for our clients, the Exclusive and Classic, we have been incorporating them in this class of services and the results, and new level of service and the fees on that.

Also, the fees I highlight for the consortium management, which is an operation that is showing very sound growth, 20.8% year on year.

Going to slide 16, our operating expenses, we keep our focus on controlling expenses, our investment in technology are maturing and benefitting our efficiency, our total expenses year on year in the 1H grew 6.1%, personnel grew 5%, administrative expenses, 7.1%.

We believe that it is better to focus on the half year comparison, since we can have some variations comparing quarter to quarter, but we have at this moment a lot of confidence in the control of expenses. It is something the Bank is totally focused on, and we have confidence in this guidance between 5% and 7%, which should sit close to the middle of it for the year, as we expected.

In terms of insurance, premiums, pension contributions and capitalization bonds on slide 17, basically our total premiums grew 19.4% year on year, driven by a very strong performance in the 1H of life and pension plans contributions that grew 26.1%, and health insurance growing 21.5%. The ROE in the 2Q in the insurance business expanded to 26.7%, and in this 1H we had an ROE of 25.8%.

On slide 18 we have our combined ratio and other indexes for insurance business. Basically, our combined ratio showed a slight improvement going to 86.5%, compared to 86.8% in the 1Q, and you can see our technical reserves continuing to grow for all segments, as well as our financial assets, which are the base of our future results.

Now I turn the presentation to Luiz Angelotti, who will comment on the guidance and conclude.

Luiz Angelotti:

On slide 19 we have the guidance for the full year of 2015. This quarter we decided to move, to change our guidance for the NII, we moved from 6% to 10%, for the new guidance it is 10% to 14% growth, as is our expectation.

This movement we did because the benefits that we have from the deposits, the funding cost reductions that we had this year, and the expectation we have for the next half. The actions that we have at the moment, the contribution for the future, and the reduction of our asset liability management that we have in our total portfolio.

For the other guidance we have, the loan portfolio growth, our expectation is that the guidance is 5% to 9%, probably we will finish the year in the lower level of the guidance.

For fees and commission, with the benefits of the segmentation that we will start now to improve this year, new segments, this quarter we can see the benefits that we will start to receive, and probably the benefits will continue during the year, and the growth that we had, the contribution from cards and the investments on digital channels we expect to finish the year closer to the top of the level of the guidance, 12% for the end of the year.

Operating expenses, despite the higher level of the inflation, we will probably finish the year around 9%, we decided to maintain our guidance between 5% to 7%. We will probably finish more around the center of the guidance.

And for insurance premiums, we have a new sales structure in the insurance, with more efficiency, and we will probably finish the year close to the top of the guidance, a 15% growth in premiums.

Closing the presentation, we actually had a good performance, even with the challenging scenario that we faced. We managed to reach very solid, ratios such as the efficiency ratio, which reached the best level ever in our organization, and the ROAE which finished the quarter at 21.9%.

Our main sources of income have posted double-digit growth, and our costs are running below inflation. Our performance reflects the strategic planning in action, which provides for consistent and sustainable results, aiming at maximizing shareholder value.

Thank you for your time, and we will now be glad to take your questions in the next part of our presentation.

Thiago Batista, Itaú BBA:

Thanks for the opportunity. I have two questions. One about asset quality and the other one about Cateno and Cielo. The first one on asset quality, are you comfortable with the evolution of asset quality going forward?

We are receiving many questions from analysts comparing the spike in provisions we saw in 2008 and 2009, when the cost of loans achieved something close to 6% to the new cycle where the provision is still around 4% of the loan book. In your opinion, what changed in your book, in your behavior that will represent a big increase in the provisions going forward as we saw last time?

The second one, I think it is a much easier question, it is about Cateno and Cielo. In your calculation, how much of the increase in your share in Cielo and also in the confirmation of Cateno have impacted your fees and also your expenses? How much of the expansion you posted in fees and also expenses came from Cielo and Cateno?

Carlos Firetti:

First part of your question, basically I think we should not compare the cycles. 2008 and 2009, it was a totally different moment. Basically, we had a sudden stop in terms of credit growth in 2008 and 2009 and we were growing very strongly, the system was growing very strongly at that moment, and this time we have been growing more moderately over the last few years.

Also, when you compare the portfolios, we have a major change in mix in terms of the types of loans, we have migrated to lower risk. Also, we have had improvement in terms of credit scoring and our systems incorporating actually all the evolution in the perception of credit in Brazil and also having systemic improvements.

There are major improvements inside of each line. Actually, when we look at our loans today it is better than it was in the past. When you look at each line, you can see a sounder portfolio.

So, in our view, as said in the presentation, credit quality came a little bit worse than we expected, we have been slightly more positive. There were some specific cases in the corporate portfolio. The seasonality expected to be the factor of increasing the short-term NPLs did not materialize as we expected. But, as I said, we are seeing improvements in the short-term credit quality ratios, and maybe we will revert that in the future.

So, this scenario is a portfolio that is different from past cycles, which have been formed in a much more cautious way and with more moderate growth that gives some comfort even considering the economic conditions that we see as very tough.

Luiz Angelloti:

One important thing, I think this quarter, about the asset quality, is our NPL ratio over 90 days increased, but when we look under 50 days, we had a decrease. This shows that the trend, the delinquency ratio will start to decrease. We believe the effects of the seasonality that we had in the 1Q, will continue a little more during the 2Q, but now it shows that it will decrease, the delinquency ratio because of the NPL until 60 days started to decrease.

About Cateno and Cielo, this quarter the number, the effect of Cateno, because this is the net increase that we had between the 1Q and the 2Q, it is around R$120 million. The majority of this increase came from the Cateno services increase. The participation that we posted during the quarter is a very small effect when we talk about these levels.

Thiago Batista:

OK. Thanks for the answer. Just one follow-up, in expenses, are you comfortable with the expenses in the guidance? Probably yes, just wanted to confirm.

Luiz Angelloti:

Our expectations on the guidance that we have about expense in provisions—

Thiago Batista:

I am talking about operating expenses.

Luiz Angelloti:

Operating expenses, we are comfortable that the guidance from 5% to 7%, we will probably finish the year closer to the top of the guidance.

This quarter we have some increase in some expenses more related to some specifics, we are making investments in our branches, the maintenance costs increasing, but all these costs are considered in our expectations for the full year, then we will probably finish the year with this guidance that we have, more to the center of of the guidance.

Thiago Batista:

OK. Perfect. Thank you Angelotti, Firetti.

Mario Pierry, Bank of America:

Good morning, everybody, and congratulations on the solid results. Let me ask you two questions. The first one is related to your outlook for the economy. I was looking at your slide for the 1Q presentation, your GDP forecast has declined quite a bit. You were originally expecting GDP to expand 0.5% this year, and now you have a contraction of 2.1%.

However, at the same time, you have maintained your asset quality guidance for modest deterioration. So, what I was trying to understand here is why is the economy not having a bigger impact on your asset quality and how long can this last? I think this has been the biggest surprise for the market and how well you have managed your deterioration in asset quality.

So, I just wanted to understand why the disconnection between weak economy and asset quality trends for the Bank. And then I will ask the second question as well. Thank you.

Carlos Firetti:

Mario, basically, as you know, we basically increased our guidance on provision expenses, we were even more confident in terms of credit quality. What we have been saying in the past is that given the quality of our origination, and the performance of portfolios, if everything was okay, actually NPLs should be trending down. All comes from the change in mix and the change in quality in each credit line. So, I think that is what probably the market is missing.

We had a big change in the profile of the portfolio. If we were actually in a better environment, our ratios would probably be better. And actually is this worsening comes out of the tougher scenario. We know our portfolio, we are seeing the trends, as we admitted, NPLs came a little bit of worse than expected, but we see indications that we are not going to see NPLs moving up so strongly for the rest of the year.

Mario Pierry:

OK. Let me rephrase then. When I look it up on page 13, the delinquency for large corporates. It has more than doubled since the beginning of 2014. 3%, 4%, so about 1% now. When I look at the delinquency for individuals, it has pretty much stayed stable, except only about 30 b.p. in the same period. Part of this I do understand; it reflects a change in the mix of your portfolio, but eventually it seems like unemployment figures are going up.

How concerned are you that we could see a significant deterioration in the individual portfolio specifically?

Carlos Firetti:

There are some lines in the individuals portfolio, but are more directed, are more sensitive to the economy, the lines are cleaner, and we may have some effects there, but that is the reason why we are saying that actually credit quality is coming slightly worse than our expectations.

In the corporate portfolio, we had a few cases in 2014 that led the NPL in corporates to these levels that are actually higher than the average NPL in this portfolio. We also had a few cases this quarter that led to this increase, but overall this portfolio is something totally mapped out.

Luiz Angelotti:

We have basically this knowledge of the groups and we believe we are in a position that is relatively comfortable considering the environment. In which consider that the individuals portfolios have the effect of the mix. For the future, the products that we are increasing the participation in the portfolio, the loan and the mortgage, they really are pushing down the delinquency ratio.

We have another product that is more sensitive environment, the economy and we have another effect, some other products have not improved. We see a reasonable stability; it came with these resources until the end of the year. And of course, this corporate portfolio, we have a very high knowledge about our clients, and our expectations for the future analyzing our total portfolio.

We understand that probably closing the year with a reasonable stability in the total deliquency ratio, go a little more 1% more, but this is what expect analyzing the total portfolio.

Mario Pierry:

That is very clear. My second question is related also to your ability to continue to grow your operating expenses below inflation. I do understand why the single benefits of all the investments you have made in technology over the last few years, but also we are seeing a headcount reduction.

I think your headcount was down less than 5% in the last 12 months. Is this something you should expect more going forward? Also we know that you have the salary negotiation with the union starting now. If you can give us some kind of expectations. What do you think is the demand by the union and how do you see your ability to continue to go below inflation? Thank you.

Luiz Angelotti:

When we talk about all this guidance, you consider for the future all the effects, including the negotiations with the unions where they consider the new level of the inflation.

We are now having many benefits of the investment in technology. The IT revitalization, helping us in this movement to maintain costs under the inflation. And another thing is about the, we are having a huge migration to digital channels in the operations.

Nowadays 92% of the total transactions are through these digital channels, the cost in these channels, for example Internet and the cell phone, probably the most important channel, is around 3% and 5%. We are increasing the volume of transactions with the last costs. It helps us with the expenses and we have internally other initiatives that is our Efficiency Committee that we see all errors in the bank.

Then we are doing many actions, you can see how much we are in movement with costs more difficult for the future years, we have to continue reducing costs, but probably in the next two years we will continue to have benefits for the new systems that we will implement in our movement in the IT revitalization.

We have changed, until 2014, 50% of the systems and now, in 2015, 2016 and during 2017, we will probably finalize this implementation of the other 50% of the total system. Then, we expect a continuous collecting benefits of these implementations, because we are changing internally processes that will help us to reduce costs.

We are improving the quality of the information and we are improving the quality of the service, because many of these systems are helping us to offer better services in all the branches, are helping our managers in the branches, concentrating the efforts on sales and not only on backoffice services.

This movement is helping us in this efficiency in the costs and helps us sometimes in the sales, improving sales. This is why we are doing everything possible to continue with this movement, probably continue expense, operational expense, under the inflation for the next year.

Mario Pierry:

OK, that is very clear. Thank you very much and congratulations again on the results.

Phillip Finch, UBS:

Thank you for the presentation. The first question is in regards to slide seven of your presentation which shows a margin improve, I mean, 50b.p. over the last 12 months the 7.4%, which is a great achievement. SELIC continues to rise over this period and we have repricing ongoing, how much high do you think this could go? Say, in one year time. Do we see the 50 b.p. improvement in margins over the next 12 months?

And my second question is regarding taxes. Back in May, we saw the social contribution rise by 5 p.p. to 20%. What is your analysis on the implications this will have going forward on your profitability? Thank you.

Luiz Angelotti:

Our expectations for this year, we will probably finish this quarter with 7. 4%, probably until the end of the year we will continue increasing a little more, the benefits of the contribution in the growth, the better spreads in the assets, the assets liability management, probably we will finish the year closer 7.5%, 7.6%.

It is what we expect considering this new guidance we gave. And about the social contribution, the ratio; we need to wait for the approval of the law. It will probably happen until the end of the 3Q.

Then, according to the new law, we have the new ratio, probably will register the new DTA, its complementation, in a gradual way. If we really have the ratio in a permanent way, without time limit, probably the effect of the register will internally review some accounting procedures. Then we do not expect any relevant effect in the final results in our future quarters.

Phillip Finch, UBS:

Thank you very much. That was very helpful.

Tito Labarta, Deutsche Bank:

Hi, good morning. Thanks for the call. A couple of questions also on, first on the asset quality provisioning side, you mentioned, if I remember correctly, in the 1Q that provisions could possibly go on 8% to 12% for the year. And given that asset quality was a little bit worse than expected on this quarter, do you think that it is still reasonable to assume? I think that would imply a provisioning level will remain around 4% or maybe even a little bit lower.

But given that asset quality is a little bit weaker, do you think maybe there is some risk to that provision levels being a little bit higher on this year? If you could give some more call on that.

And then, my second question, just following up on net interest margins. I understand you expected to be a little bit more to the end of the year, but for 2016 you do expect rates to come down. Do you think that maybe on 2016 we can see a trend where your margin contract somewhat. So if you can maybe give some color on the longer term outlook for net interest margin rates come down. Thank you.

Carlos Firetti:

First, in terms of credit provisions, basically we still think the top of our guidance, 12% is a good reference. It could be around that level, but looking at the dynamics of provisioning, we do not think this level is not achievable.

Regarding your second question, in terms of margin, remember that even if the SELIC rate goes up, goes down next year, the average of the SELIC rate will be relatively high, so we still have the benefit on that.

We also talked about our fixed rate exposures that, in our view, should be something defending a little bit the performance of our margin in an environment of interest rates trending down. So, these are the main views on this item.

Tito Labarta:

Great. Thank you very much.

Boris, Santander:

I have a question regarding the evolution of spreads in the corporate segment. The Central Bank data is telling that early delinquency for the system for corporate in the free market and is reaching record levels and continues to increase. And how are we seeing that the expansion's spreads for corporates in the free market have basically stopped over the last months?
So what are the dynamics that we are seeing in spreads and in the behavior of the system and what can we expect, because if we look at the level of spreads that we saw in Brazil in the aftermath of the crisis, late 2013, if I recall, 23% or less of the ground that they lost.

So there seems to be significant room for corporate spreads to increase, given that the deterioration that we have seen both in Bradesco's SMEs, non-performing loans and corporate non-performing loans is very close to the loss peak that we saw in the aftermath of the "Lehman" days.

So it appears to me that there is something here – a dynamic, maybe a policy of banks; you do not see this system-wide – a detonation of the asset quality that is apparently pretty obvious in the Central Bank data for Company loans early delinquency in the free market. So what can we expect in terms of spreads?

Carlos Firetti:

OK. I think that in terms of spreads, basically, you should not compare it with 2008 and 2009 – those were totally different conditions in which the spreads basically went up so strongly because demand for credit was quite higher at that point. Liquidity basically dried out.

So we had a situation in which demand was high and liquidity was lower, and the perception of risk in this instance – remember the risk crisis and everything. This time we have an environment in which there is some perception of risk, but demand for credit has also reduced, so this is kind of the environment now comparing to 2009. I think the kind of increase in 2009 was given by kind of special conditions.

Boris:

OK. Good. Thanks. My second question is related to efficiency in insurance operations. We were expecting insurance income – at least net income – to improve and in the 2Q we saw a jump in operating expenses – something that is actually in your combined ratio – so what can you tell us about insurance efficiency, considering that insurances thought this year would be a very good year, and in the 2Q it kind of stalled.

Luiz Angelotti:

In the insurance business I think we did some investments and some modifications, we restructured our sales structure. We now have fewer costs within the structure and better efficiency in sales costs. We could reduce our commercial costs – we decreased the costs with a smaller structure.

We have the same structure that we have in the Bank – the efficiency committee: they are committed to cutting costs internally in the Company – then the benefit that we are having now are due to these investments that we are doing and we could improve efficiency in the insurance business.

Victor, Barclays:

Thank you. Just a quick follow-up. My main question was answered, but just looking at the renegotiated product portfolio. We did see quite an increase, we are trying to understand loan growth both year-on-year and quarter-on-quarter. I do not know if you can give us a little bit of color here in terms of what you are seeing:

Is this primarily driven by consumers and individuals renegotiating, is the jump more driven by big corporates and the renegotiating space? If would be good to have some color on that, or whether that is a spread of SMEs or is it all three. It is just to get a better sense, really, on where the credit quality deterioration is coming from. Thank you.

Luiz Angelotti:

For the renegotiation portfolio, normally the growth of this portfolio is very similar to the growth of the loan portfolio. Now, because of the environment of the economy – this is an year of adjustment – we have a little more growth in this portfolio when we compare it with the loan portfolio. We understand that is very normal.

This renegotiation portfolio – we renegotiate only when we understand it is possible to recover, when the renegotiation can be successful in the future and then we maintain provisions for this portfolio: it is twice as much as that for normal delinquency – the provision for this portfolio is coming around 62%. We understand that this is very normal growth because of the environment that we have now, but it is not much more than the loan portfolio growth we are having now.

Victor:

Sorry, if I can just follow-up there: did you say that you would only do a renegotiation when you get some of the principles back, of the original loan. Is that right?

Luiz Angelotti:

Normally, no. In all renegotiations we do, we try to recover the principles with additional interest rates. We need to adapt to the situation of the debtor and probably we will try to use best structure to have success in the renegotiation. We only renegotiate when we understand that it is possible to recover something and, in our accounting policy, all operations we renegotiate we keep the same rating as that we did renegotiation.

If the operation was overdue and the renegotiation, for example, was on letter D or letter E, we maintain it in this letter until the total payment of the credit. If we recover the operation that was on write-off we maintain letter H until the total conclusion of the recovery of the credit.

This is our accounting policy and I understand that we are having some improvements in our policy – we could improve our revenues with recoveries, we have been more successful, because we did a good restructuring in our area and I think that now we have more efficiency in our process of recovering credit.

Victor:

OK, thanks for the color, Mr. Angelo. I appreciate.

Eduardo, Banco Plural:

Good morning. Thank you for taking the question. It is just a follow-up. One, on delinquency – page 13 of your presentation: I would just like to know your outlook for the SME portfolio and the large corps.

If I remember correctly, previously you indicated that in the 2H of the year we would see an improvement in the large-corp books and on the SMEs, if I remember correctly, you were looking for stability, but in this quarter you had almost 20 b.p. increase on that specific loan book.

So I was wondering if you could give us an update. Environment, I understand, has deteriorated more than expected, so if you could give us an outlook on those specific loan books I would appreciate it. Thank you.

Luiz Angelotti:

OK, talking about this segment, the expectations for delinquency, our expectation for the corporate portfolio is more, considering the level that we have now, probably we will finish the year with more stability until the end of the year – this is our expectation.

When we talk about SMEs, we had a little more pressure in this segment because of the environment. It could increase a little more, but we do not expect to have a huge increase in this segment. During the year, we had an increase of around 0.3% only in this segment. Then, probably we will finish the year with one more small increase, but not something that is probably…

In the total ratio of the portfolio, what we expect is a compensation between the other segments and we will probably finish the year with a little more increase in this ratio, probably close to 1% more until the end of the year. It is something that we expect. Reasonable stability until the end of the year in this delinquency ratio, the total delinquency ratio.

Eduardo:

All right. Thank you.

Operator:

Excuse me, ladies and gentlemen. Since there are no further questions, I would like to invite Mr. Carlos for the closing remarks.

Carlos Firetti:

In the name of Bradesco's management I would like to thank you for participating in the call and the investor relations department is available for any other doubts that you may have. Thank you everybody.

Operator:

That does conclude the Banco Bradesco's audioconference for today. Thank you very much for your participation. Have a good day.