

**Transcript of the Conference Call
Portuguese
1Q19 Results
April 25th, 2019**

Announcer:

Good morning and thank you for waiting. Welcome to Banco Bradesco's first quarter of 2019 earning conference call.

This call is being broadcasted simultaneously on the Internet, at Banco Bradesco's investor relations website: banco.bradesco/irenglish, where you can find this live presentation available for download. We would like to inform you that there is simultaneous translation into English, and all participants will be in listen only mode during the company's presentation. Afterwards, we will have a Q&A session, when further instructions will be given. Should you need assistance during the call, please press *0 to reach the operator. Before proceeding, we would like to mention that forward-looking statements that might be made during this call in relation to the company's business perspectives, operating and financial targets and projections are beliefs and assumptions of Banco Bradesco's management, as well as information currently available to the company. Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and assumptions, as they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors may also affect the future results of Banco Bradesco and may cause results to differ materially from those expressed in such forward-looking statements. Now, we would like to turn the conference over to Mr. Carlos Firetti, market relations officer.

Carlos Firetti:

Good morning everyone, and welcome to our call about the results of the first quarter of 2019. Today we have the participation of our CEO, Octavio de Lazari Junior, our vice-president and CFO, André Rodrigues Cano, the CEO of Bradesco Seguros, Vinicius Albernaz, our executive officer and investor relations officer, Leandro de Miranda Araujo. Now, I would like to give the floor to Mr. Octavio.

Octavio de Lazari Jr:

Good morning, thank you, Firetti, I thank you very much for your presence in this call to talk about the results of Bradesco in the first quarter of 2019, and we're very pleased with the results that we have delivered over the first quarter. And, we believe that the performance in the period, has met and exceeded the metrics established by our budget, and which highlights the objective of a management that will focus on predictability and sound results. In the economy, well, the quarter was not exactly what we would like to see and what we estimated when we drafted our budget in September last year. The recovery of the economy was weaker than expected, and because of

that, we revised our expectation for the GDP growth to 1.9, and some economists are considering a lower GDP than that. And in spite of the increase in confidence that we saw in late 2018 and early 19, this was not translated into a strengthening of the economic activity, but we believe that the economy will accelerate again with the definition about the social security [pension plan] reform and the stride made by the government agenda. Despite of this scenario, Bradesco had a wonderful performance, and we attribute our performance to our strategic positioning, our endeavors and dedication of our teams, and I thank them, and the fact that the bank is very well adjusted, it is streamlined and prepared to grow. Many of our initiatives over the last few years have already matured or are maturing. And us, we raised in the quarter a net income of 6.2 billion, a growth of 22.3% annually, and keeping the growth trend of our ROE very important 20.5% vis-à-vis 19.7% in the last quarter. Our expanded credit portfolio accelerated growth, reaching a 12.7% increase in the last twelve months. And we highlight especially this strong growth in the main credit lines for individuals, and we will see this later in the quality of our credit improved again with a drop in the delinquency rate of 24 bps in the quarter, and finally we highlight you an increase in the BIS ratio, Tier 1 1 of 70 bps. Very well.

On the next page, we would like to bring to you some highlights and some initiatives that are important in the quarter, and we will be showing some of them in more detail later on. However, I would like to highlight a few now. Bradesco client base grew in 360 thousand new accounts in the quarter, and Next, which added to the base an additional 300 thousand accounts. We are talking about almost 700 thousand new accounts in the bank, and a wonderful performance that we delivered in credit, mainly for individuals, and the announcement, the recent announcement of our variable compensation program, especially for our sales force and the performance of our insurance company, highlighting health and auto.

On the next page, we talk about technology. And, a few times we have already talked about that but I would like to reinforce. We have a strategy for the technology area, a very consistent positioning that is based on three pillars. The first one is the transformation of the traditional bank with the intensive use of IT. We look for to transform the experience of our clients in the many different segments, and BIA fits in an important fashion in the strategy. At the second pillar is our digital bank, Next, our fintech, and the strategy of seeking to give more and more freedom to Next in order to compete as a fintech connected to Bradesco. And the third pillar is to prepare the bank to operate in the open banking world, and yesterday there was some information published by the Central Bank about open banking. This will allow us to take advantage of the flexibility of our platform to distribute products and services of Bradesco by means of fintechs such as we already do with our MEI portal, for instance. And we believe that these three pillars give us a wonderful position, a very broad one and a flexible one for us to adapt to the different scenarios that we have ahead of us. In 2019, we should be investing more or less 6 billion reais in IT, and one third of this amount in innovation.

On the next page, we talk about BIA, B-I-A. BIA is one of the initiatives of transformation by the bank, and this positions us in the avant-garde of the use of artificial intelligence in financial services worldwide. We were the pioneers in the launch to the public, and we will continue to expand the use of artificial intelligence in many fronts. And we have the advantage of having multiple platforms, we have the IBM Watson, Google, Amazon Alexa, Microsoft Cortana, and we can use it in multiple platforms, and this was recognized by IBM as the biggest implementation of

artificial intelligence in the world of IBM Watson in financial services, and besides, it's important to highlight that BIA allows us to have gains with the reduction of costs in finance services, but mainly it's a tool for us to further improve our client experience, and we recently reached 100 million interactions of clients with BIA.

On slide number 5, we talk about figures and our digital evolution. And we bring the figures of this evolution. We closed 1Q with 800 thousand clients in Next and we are opening about 7 thousand new accounts per day, and by the end of 2019, we expect to have over 1.5 million clients at least. This is already a commitment on the part of our people that work in digital banking. 77% of the Next clients have not come from Bradesco, and the churn of these clients is only 2%, very small. And we look at the loan portfolio of Next in the first quarter, it grew by 38%, and we had an evolution of 35% in the main deposit, and 28% of Next clients, more than one third already have their credit pre-approved. We have been evolving very quickly in interactions with BIA via WhatsApp, reaching over 30 million transactions in the first quarter of 19. And we are evolving in the origination of credit via mobile channels, growth of % 97% in the last twelve months for individuals, and 159% of growth in companies

On the next page, in solutions, when we talk about solutions to small entrepreneurs, we continue to evolve in our offering to these clients via our website portal and we already sold by means of our network and portal over 314 thousand Cielo machines or devices. We already have over 854 thousand users of the solutions that we offer by means of the portal MEI, which is already open banking, as I said. And many of the additional services rendered to customers, the corporate ID and accounting, inventory control, all this is done by fintechs that are interlinked with the main portal in order to grow. In the number of services, delivered to our clients.

On the next page, we talk about individual loans. One of the main highlights of this quarter was the loan growth, and this good performance had to do with some factors, such as our strategic positioning in the market that benefits the real estate and loan portfolio, or payroll deductible loan. And when we talk about the improvement, in credit processing, since the origination up to the moment the contract is signed, end-to-end. Successful commercial partnerships with good partners, evolution of the modeling of credit that allows us to have a higher credit approval with quality, and the use of inferred income models. And the bank itself uses this kind of model.

On the next page, finalizing the highlights, we have our contribution to society. And the first one is our social work with the Bradesco Foundation. Around a hundred thousand children benefit from the Foundation and good quality education. Additionally we highlight the value generated by the bank to society. In this quarter, 28.4% of the value of Bradesco went to compensation, and 30.8% represented return via taxes to the many different levels of government.

Now getting into the financial results, in recurring results first. And we highlight our NII, which is very important that grew by 4.2% this year. Also expanded ALL was 3.6 billion, what was very close to top of the guidance, but we see that there is still room for further improvement throughout 2019. Our operating income was up by 15.6%, and our net income was up by 22.3%. And we will give you more details about these figures in the next coming slide.

Next slide now, we talk about ROE and ROA. There is a historical chart here. ROE grew for the third quarter in a row, reaching 20.5, and this is the highest level since the fourth quarter of 2015, we went from 19.7 in the fourth quarter of 2018. And if you look at the first quarter of 2018, it was 18.6, so now we have been adding 2bps through our ROE in a period of one year. Our ROA, another important KPI, grew reaching 1.8%, and we believe that the current profitability levels are sustainable. And we still may show some further improvements of returns to our shareholders.

Next page, we talk about expanded loan portfolio. It continued to grow, as we already mentioned, despite of the slowdown in the economy, or the lack of acceleration in the economy, and this can be attributed to the good operating moment that we are experiencing, with constant improvement, good quality of the profit season and improvement in the credit modeling. The expanded loan portfolio grew 12.7% in a year, in Q1 19, and 11.4 without exchange variation. Large corporate portfolio grew 14.5% year-on-year despite the exchange variation, considering that the large corporate portfolio concentrates the biggest portfolio of loans in US dollars. The expansion of the corporate portfolio should slow down throughout 2019 but converging also to other opportunities that we see through the stock market, where we should focus in terms of growing loans credit to companies. But certainly, all of that depends on what will happen to our economy. For SMEs, there was a seasonal reduction, and this was expected because at the end of the year things were more flat, especially because of the 13th bonus salaries, and then it was down a bit. We expected to resume growth in the retail portfolio in this coming quarter. In terms of individuals, we grew 12.6 year-on-year, and as we said, mainly that came from personal loans that grew 23.4, which is very important origination of individuals portfolio as mostly happening through digital channels, the mobiles, ATMs, or sometimes clients are doing these transactions from their homes. Payroll loans also grew 18.2%, and auto loans grew 14.8%. We reached significant growth in all of the different lines.

Now moving to the next page, which is loan origination per business day; this continues to evolve positively just part of the fact that the economy is not performing as expected. I mean, company credit loan origination for individuals grew 21.5% further, and companies experienced 30.5% growth.

Next page, an important highlight is NII, Net Interest Income, 4.2% growth year-on-year, and is now within the guidance, and as we mentioned before, the client portion grew 6.2% with a positive effect in volume growth and a more favorable mix in this offset by a small reduction coming from the spread. The client portion of the margin is also natural because it was impacted by the lower number of days in the period, the market portion of NII was down 5.8 on an annual comparison, which is natural because it reflects lower gains in our ALM, and as we've been noticing from time to time, but we restate our expectation, and that NII growth will be very close to the center of the guidance.

Next page, talking about ninety-day delinquency. We continue to see a positive evolution in terms of delinquency, we should be close to the end of a reduction cycle, but we still see some room for further improvement, since we have seen a better quality of new vintages of credit with better delinquency ratio. So I think that in the margin, in terms of the margin we still see room for further

improvements. Therefore, we saw improvements in all the lines, especially on the corporate side, leading total delinquency to fall by 24 basis points in the quarter.

Next page, we show NPL creation. NPL was down again, just performing what we told you last quarter of the year. Then, we had the perception that that peak in the previous quarter was seasonal, so NPL creation reached the lowest level in this period. So, along the same lines, we see expanded ALL that was down 2bps also the lowest level, and we reaffirm our guidance for expanded ALL. We even consider that we will probably reach the center of the guidance in terms of ALL.

Next page, in terms of fee and commissions income, it was up by 2.4% in this first quarter, and the credit card line was negatively impacted by the environment in the acquiring segment and there were also new regulations from the Central Bank for that interchange. We also had a more modest quarter in regards to transactions in the stock market, which was not moving according to our expectation, also because of the pension funds reform etc. Now we believe that once that is approved, we will see the rebound of the market, and as we have been very successful in the past, we will certainly redeem that position. In terms of asset management, we were affected by the competitive landscape, because now we have lower interest rate, but we already took all the necessary measures, and these measures are already bringing results in terms of retention and new funding. And in addition to the effects already mentioned in the service line, naturally as that line is directly affected by the lower pace of the economy as noted in this quarter, but we believe that throughout the year we will be capable of improving our fee income and going back to the guidance stretch, that we have already talked about before.

Next page, we talk about operating expenses. Operating expenses were up 5.7% in the quarter, and maybe that was the main deviation of the guidance, but this deviation was caused by good expenses. I'd say, because it was due to higher investments in technology, which is quite important because we took advantage of the renewal of a major contract, and the renewal occurred in the first quarter and we were able to get a good discount in the amount, therefore we thought that was a good move on our part. That was also due to provisions for our new incentive compensation program". We made a provision like 100% of the teams reach their budget, so we may have to reverse that provision, but we were more conservative, therefore, we hope that everybody will be able to cope with their budget. In addition to that, we had one-off hirings in our sales area to reinforce the commercial area, speeding the wholesale bank, the brokerage firm and the high net worth segment, and in some other geographies where we saw these new hirings were important, because we gained a lot of payrolls. Bradesco is very active whenever there is any competition for payroll accounts. In 2018, we participated in almost 400 bidding processes, and Bradesco was successful in about 55% of them. The return is quite high for the bank, over 30%, which is why we believe that it was important, and because of these new moves, we felt the need to hire more people to operate in our sales department to be able to cater with, to work in this new area. Therefore, in the next quarters, we will be able to be in the guidance with other new activities and initiatives that we took to improve efficiency ratios.

Now, the next two pages, we talk about insurance, pension fund and capitalization. We had great results, net income grew more than 16%, 16.1%, and ROE in the quarter was 23.4%, even higher than the bank's ROE. Total Premiums grew by 3.0% and the highlight goes to health that posted

a growth of 8.4%. The good performance of the insurance company came mainly from several other lines, but that was... the highlight came from the operating performance. The claims ratio improved almost 200 basis points in the quarter, and the combined ratio improved 50 basis point. The result of insurance operations grew 22.4% in the last twelve months. And the segments that caused the best performance in terms of income, annually speaking, was Bradesco Saúde that grew 120% followed by auto and PNC, with 82.7%. Therefore, in regards to insurance, we are very comfortable in relation to our guidance.

Now, moving to the one before our last page, speaking about the BIS ratio, our BIS ratio continues to grow, we accumulate our capital organically despite a stronger performance on our loan portfolio. Our core equities was 13.0%, growing 70 basis points, and our BIS Tier 1 was 14.4% growing 70 basis points. And this puts us in a very comfortable position to trust this way. We hope that we will soon see further growth of our economy, so the credit lines should grow in a more robust way, and by growing that way, GDP will grow, the economy will grow and this is what we hope to see for our country, and our bank is quite well positioned to capture this growth in the future, and we want to be able to benefit from this growth.

Now, going to our last page and talking about guidance, we are very comfortable with our loan portfolio lines, insurance and ALL. We see more room to converge towards the center of the guidance in NII, in terms of fee income and expenses, we will work hard to converge to the center of the guidance, we believe that we will be in the ranges of the guidance in terms of costs, we have several initiatives that will enhance our results, like the digitalization of processes and the slim down of the backoffice in the branches. There are several initiatives in progress.

Another important point that I would like to highlight for this quarter is the diversity of our sources of result. This diversity gives us more balance; it balances the bank throughout the different cycles and the different competitive scenarios. And when we look at the results, credit services and insurance account for 30% each of them in terms of our results. So, this shows that our operation is regionally diversified, it is more diversified when compared to other private banks, and we have operations in retail and high net worth, SMEs, corporate and insurance, in several lines. And these are all lines that complement each other, and they strengthen each other, generating innumerable opportunities to our bank. This positioning gives us the opportunity to look through the cycles. Also, with a look towards the long run, and we are capable of making important adjustments without tampering our profitability.

Thus, we at Bradesco are prepared to navigate in an environment of growing competitiveness. The environment of the banking sector is changing constantly with the intensive use of technology and innovative services propositions that are adding new dynamics to the industry. And given this scenario, these are the points that guide our strategy. Well, relentless search for new businesses, increase of scale with continuous organic growth, total connection to customer demands, diligence focus on tax control, follow investments in technology, opening and welcoming of new ideas, and thus... we firmly believe that this search for efficiency, ethics and competitiveness will set the pace for models that involve less bureaucracy, more free initiative and simple growth. Bradesco believes in a scenario of gradual construction towards a modern and competitive economy.

Thank you all very much and now we are available to take your questions. Please feel free to ask questions.

Announcer:

Now we will start the Q&A session. Participants in the Portuguese room, you may ask your questions, and the other participants will remain in listen only mode. In order to ask a question, please press *1. In order to remove your question from the queue, please press *2. Our first question comes from Mr. Thiago Batista from Itaú BBA.

Thiago Batista:

Good morning and congratulations for the results. I have a few questions. You talked about SMEs, but when we compare the results of Bradesco with this Central Bank system, the other data are much better than Bradesco's, maybe this has to do with the quarter, I don't know... but it would be great if you could explain this. And what about the drop that we saw in the first quarter, could you expect an improvement in the next quarter in this portfolio? And the second point has to do with your provisions. In this quarter, you reached 256 (coverage ratio), already adjusting for the renegotiation, and I believe this is the highest ever figure, and when I look at the growth provisions made by the bank, is there any cross-reading of... could you imagine that in the future this could drop? I know that the bank does not really consider this, but could we believe that there could be a drop in the future or is there something subjacent to that that we are not able to see?

Carlos Firetti:

Let me start, regarding the SMEs, the deceleration occurred, mainly in the medium sized companies and the small retail continues to go very well, and we see that as a one-off situation that this line for the SME over the year will accelerate, this is what we expect. And we believe that this will be distributed vis-à-vis our guidance with more growth in individuals and SMEs and then corporate, as our CEO said. We reaffirm this, we look at that as a more one-off situation. In relation to the provision, as you said yourself, we do not see the coverage ratio as a driver for that. We see this as something that comes from the provisioning, and not as a driver, and the increasing coverage for this quarter not adjusting by the big recovery that we had, brought this to the balance sheet that is 100% provisioned. And part of that, of the increase in the coverage ratio comes from that, and we had some credit recoveries that came during this quarter, as new credit, and that also impacted in the major point that impacts this constant increase in coverage is the drop in the NPL, and we really expect this to continue, as Octavio said, because we are close to the end of this cycle, and we could still consider some reduction but apparently we are reaching the end of this cycle, but when the NPL stabilizes and the coverage will naturally grow. In relation to releasing additional provisions, as I said before, it is much more from the natural process of provisioning than due to a specific change coming from a discretionary division.

Thiago Batista:

Thank you.

Announcer:

Mr. Thiago Kapulskis from BTG Pactual, you may proceed.

Thiago Kapulskis:

Hi, good morning everyone, or good afternoon. I have two questions. Well, the first one, looking at the result globally and each of the weaker GDP in spite of the revision or the deceleration of the GDP in the first quarter, we see some lines that are still resilient, such as NII. So I'd like to understand this sensitivity better, do you believe that if the GDP were like we imagined it would be a few months ago, do you believe that the result of the bank would be rather different? And I'd like to know where the difference on the result would lie. And the second has to do with Next. We see this very robust growth of Next, but I'd like to better understand activation, and maybe you could go into details about the percentage of clients that already have products with you, and how you see the participation of cards in Next, or even deposits, or maybe you could go into this issue overall, that is to say, all aspects.

Octavio de Lazari Jr:

Thiago, thank you very much for your question. This is Octavio. Regarding the first part of your question, I believe that we were resilient in order to adapt and in order to bring growth to our balance sheet regardless of the economic scenario or the growth of the economy that was lower. Should it be higher, the results would be different? Well, it would be slightly different, but not a lot because we were able to adapt ourselves to this scenario and bring revenues from many different businesses, but let's say the economy had a bigger growth, one thing very important that is related to that is growth in credit, and it would bring better results from credit to the balance sheet of the bank and that would be a major difference, an important one, and that would be additional results, but basically it would be true growth in credit. So we were able to adapt to a not so good scenario, you see that our team was able to adapt and look for other sources of revenue and trying to offset the result, that it would be better if the economy had grown. So, it has to do with our capacity to adapt to this not benign scenario. But now regarding Next, the other part of your question. This is a very successful experience, and we have been observing it and over one third of our clients, almost 40% of the Next clients already have pre-approved credit, and we see a major growth in Next clients in terms of loans and the delinquency is equivalent to the ones that we see in the traditional bank. And the growth in the number of accounts, it was almost a surprise because we are opening 7 to 8 thousand accounts per day, and during Carnival we opened how many? The record... the record... was 14 thousand accounts per day during the Carnival days, and the growth in the client base is very important for us, and what we noticed is two important points. The coincidence with the bank's clients is very small, [80% had no bank account with Bradesco] and the churn is very low, 2% as I said. The clients started to demand more products and more services over the maturation curve of this account, they started to demand more services such as credit cards and overdraft or certain specific credit limits, and depending on the maturation of this account, we see that the number of products for a client starts to grow. And it was one, and now it's reaching two products per client, and some clients already have three or more products. So this is a natural maturation process because we see... last year, we closed with 500 thousand accounts in Next, and we are projecting... it is not the

projection in fact, it is a commitment on our part, to go to 1.5 million accounts by the end of this year. So, it is a natural process of products and services that we have been adding to this client base and making available to them.

Announcer:

Our next question comes from Jörg Friedman from Citibank. You may proceed, sir.

Jörg Friedman:

Thank you very much, I also have two questions. My first question is whether you could comment on how recurrent you believe that insurance's results can be. You talked about an operating result that has been impacted by the new regulations related to the long-term activities. What was the impact on your results, and what was the impact looking forward. In addition, I would like to understand, maybe from Vinicius... what about the healthcare claims ratio? I think it had an improvement of almost 300 basis points quarter-on-quarter and almost 800 basis points year-on-year. That is my first question. And the second question is related to BIS ratio. If we consider Tier 1 capital reached 14.4, and Octavio said that this ratio is more comfortable for you because you can get more credit in Brazil, could you comment whether this will also allow you to increase the payout, because I know that other private peers had some issues in this aspect.

Carlos Firetti:

Ok, I will start with the beginning of your question related to insurance, and then Vinicius will follow on. In terms of the PIP effect on the annual figures, I would like to clarify that the result of the first quarter is very clean, it does not contemplate PIP. It is a recurring result, there is nothing different in that result. What we are trying to say is that in the first quarter of 2018, we had PIP, and we treated it as recurrent... it was recurrent, so this variation of 22% is explained by the fact that the base on the first quarter was a bit lower. If you remove that effect, the result from insurance will continue to post a very strong variation, and the performance is recurrently very strong. And looking forward, this gives a very good degree of comfort.

Vinicius Albernaz:

Now, in terms of your question, how recurrent these results are, we are very confident in our strategy to diversify results. We are very diversified, that is why we can take advantage of many opportunities that may arise in the economy, certainly, when we look at our results, they stand from decisions that we made to concentrate in portfolios that certainly have a better performance. We work a lot in the mix of the portfolios in an attempt to look for more sustainable growth. So, we are growing in the most profitable portfolios. We are meeting our objectives and getting gains of about even 11%, and certainly, this relates to our diligent effort to control costs. Now in terms of the claims ratio in the healthcare area, we believe that these levels are sustainable, they reflect a series of initiatives in the healthcare insurance area related to the negotiation of standardized procedures or packages that are still underway, but we still work very diligently to control the care costs, but at the same time we're looking at other initiatives to our new clinics Meu Doutor Novamed, focus on primary care, and they are an important path to

evolve further. So, it is sustainable. We have also to take into consideration that the economy should evolve further in order for us to have additional gains, so if employment picks up and if we see further growth, we will certainly benefit from that. The market don't have any net beneficiaries' addition, but we are competitive. Certainly we will also improve as the economy improves.

Octavio de Lazari Jr:

This is Octavio, good morning. Just adding to what Vinicius just said, he is right. There are several factors that helped us to have important results in terms of reducing the claims ratio. Standardized processes are very important, in the last two years, we were able to increment the packages we have with hospitals, and today more than 50% of these packages are fully standardized. This leads to a further reduction in the claims ratio, significant reduction. The idea is that we will be able to increase that percentage and that we will be able to extend that to all of other service renderers. Also, to talk about the clinics and primary care, the client no longer goes to the outpatient clinics because that is expensive, and so our scheduled appointment consultations will be able to reduce the number of customers going to the outpatient clinics, but our clinics can also serve other customers that are not necessarily Bradesco customers. It is a process that is in progress, and also this is back to another process because we believe that the economy will grow. It is just natural that when companies rehire more people, they will add these new hires to their healthcare plans. The healthcare market means... in terms of number of lives, it is very much flat, so the size of the curve remains the same as it was four years ago. So, when we look at these large companies, we will increase the number of beneficiaries, this also increases your denominators, and you will be able to improve those KPIs further. Our hope... well, we are very positive in that regard, for this also involves a very strict cost control.

Jörg Friedman:

If I can just add one more thing, you just talked about the standardization of packages and this is quite relevant. I only want to make sure I understood it correctly today. You said that you could already put 50% of the negotiations with the hospitals in standardized packages. Is that right?

Vinicius Albernaz:

In fact, today, from all the claims that we understand as standardizable, we already standardized, you know... a lot of them, around 54%. We are still working in our modeling so that more and more will be able to follow, to adopt new procedures that can be standardized. But, once we look at the procedures that can be standardized, we already managed to standardize 54% of them. Well, right at the start up we were able to have a good start, but there are new services rendered that are embarking on this standardization journey with us.

Octavio de Lazari Jr:

It is like getting a taxi: once the passenger enters the hospital, the clock is ticking, so 54% of the claims we already known because the care package is previously negotiated. If the cost of care is

a thousand or ten thousand, that is a problem that the hospital will have to deal with, because we will pay just X.

Jörg Friedman:

I do not think we can disclose that figure yet, but it will be interesting to understand how much that 54% represents out of the total basket, right?

Octavio de Lazari Jr:

Yes, it is difficult. We will get there...

Now, referring to your payout question, we are well positioned, I think we are robust enough to surf the wave and grow, and take advantage of this credit growth that is coming in the market. On the other hand, there's a new regulation coming around the corner (IFRS9), and this will require further provisions and we are currently making adjustments to our models that it will depend on what the Central Bank will do and what will be the measures that will have to be adopted, because after all, you always have to make some sort of adjustment, you know... tailor-made or tropicalized... we have to make adjustments to the model. Given all of the current scenarios, we believe that we are well positioned, we may have to make additional provisions because of IFRS implementation or due to growth, which we hope will happen, because due to the bank's characteristics, we are hoping for further credit growth to bring more results to our balance sheet, but payout continues to be on the table, we are looking at it, and if there are opportunities, we will embrace them, but we are also trusting in the growth of the country.

Jörg Friedman:

Ok, thank you very much.

Announcer:

Our next question from Tatiana Brandt from Eleven Financial.

Tatiana Brandt:

Good afternoon and thank you for this opportunity. I have a question about your loan portfolio. The results for this quarter not only surprised in terms of SMEs, which decreased more than expected, but in corporate segment there was a 3% of increase in the quarter. You talked about, you know, exchange variation, but I want to understand if that growth came from an specific client or whether we should expect any deceleration in that line in the next quarters considering the evolution in our economy.

Octavio de Lazari Jr:

Hi Tatiana, this is Octavio. Thank you for your question. Tatiana, you are right, you are absolutely right. Corporate growth went beyond our expectation mainly for two reasons, and I'd say that, you know... half of it is explained by the exchange variation, but the other half was due to the fact

that we were able to take advantage of some transactions that were more... that accrued more on the short term on the steady companies, just some companies because in large corporates that doesn't happen, I mean to all of them, but we were able to have some more short term transactions or operations. If we enter into an improved growth, a better growth of our economy, it's just natural that these transactions will migrate to the stock market or the capital market, and BBI is a bank that excels in this market of M&A and IPOs, right? So this line may migrate to the capital markets and the results will come, so it was just a mix, some coming from the exchange rate, and some coming from other transactions that we took advantage of.

Tatiana Brandt:

Ok, thank you very much.

Announcer:

As there are no more questions, we would like to give the floor back to the company for the closing remarks.

Octavio de Lazari Jr:

My friends, thank you very much for your attention and we hope we have clarified all your doubts. Nevertheless, we will stay at your disposal, and could you please contact our Investor Relations department, or myself, and Firetti, so that we may clarify any doubts that you might have. And so, we have a lot of confidence on the bank's figures, we did a lot of hard work during the first quarter, and we trust what we will be able to carry out and deliver to you in this next quarter, and mainly now, after the reform of the social security being approved and everything having to do with the Central Bank, and other important changes that we expect in our country. And with all that, we will have a very important strategic positioning in order to surf this growth wave that we expect will happen and is very important for the whole country. Thank you very much and we wish you a very good day. Thank you.

Announcer:

Banco Bradesco's conference call is closed. We thank you for your participation and wish you all a very good day. Thank you.