

BANK BRADESCO  
Form F-4  
August 05, 2005

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As filed with the Securities and Exchange Commission on August 5, 2005

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM F-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Banco Bradesco S.A.**

(Exact name of each Registrant as specified in its charter)

**Bank Bradesco**

(Translation of Registrant's name into English)

**The Federative Republic of Brazil**

(State or other jurisdiction of incorporation or organization)

**6022**

(Primary Standard Industrial Classification Code Number)

**Not Applicable**

(I.R.S. Employer Identification No.)

**Cidade de Deus, Vila Yara, 06029-900 Osasco, SP, Brazil**

(Address, including zip code, and telephone number, including area code, of each Registrant's principal executive offices)

**Cidade de Deus, Vila Yara, 06029-900 Osasco, SP, Brazil**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Please send copies of all communications to:*

**Sara Hanks**

**Clifford Chance US LLP**

**31 West 52<sup>nd</sup> Street**

**New York, NY 10019**

**(212) 878 8014**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class</b>	<b>Amount to be</b>	<b>Proposed Maximum Offering Price</b>	<b>Proposed Maximum Aggregate</b>	<b>Amount of</b>
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<b>of Securities to be Registered</b>	<b>Registered</b>	<b>Per Unit (1)</b>	<b>Offering Price</b>	<b>Registration Fee</b>
8.875% Perpetual Non-Cumulative Junior Subordinated Securities	U.S.\$300,000,000	100%	U.S.\$300,000,000	\$35,310

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file an amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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PROSPECTUS

BANCO BRADESCO S.A.

(Bank Bradesco)

a company incorporated under the laws of the Federative Republic of Brazil,  
acting through its Grand Cayman branch

U.S.\$300,000,000 8.875% Perpetual Non-Cumulative Junior Subordinated Securities

The exchange offer	We are offering to exchange securities registered with the Securities and Exchange Commission, for existing securities that we previously issued in an offering exempt from the SEC's registration requirements. The terms and conditions of the exchange offer are summarized below and more fully described in this prospectus.
Expiration date	5:00 p.m. (New York City time) on ____, 2005 unless extended.
Withdrawal rights	Any time before 5:00 p.m. (New York City time) on the expiration date.
Integral multiples	Existing securities may only be tendered in integral multiples of U.S.\$1,000.
Expenses	Paid for by Banco Bradesco S.A.
Exchange Securities	The exchange securities will have the same terms and conditions as the existing securities they are replacing, which are summarized below and described more fully in this prospectus. The exchange securities will not contain terms with respect to transfer restrictions or interest rate increases that relate to our failure to file a registration statement for the exchange securities.
Listing	Application has been made to list the Securities on the Luxembourg Stock Exchange. <b>Consider carefully the risk factors beginning on page 10 of this prospectus.</b> We are relying on the position of the SEC staff in certain interpretative letters to third parties to remove the transfer restrictions on the exchange securities. <b>Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these exchange securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.</b> _____, 2005

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**IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS PROSPECTUS**

You should rely only on the information provided in this prospectus including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering the exchange securities (the Securities ) in any state where the offer is not permitted.

We include cross-references in this prospectus to captions where you can find further related discussions. The following Table of Contents provides the pages on which these captions are located.

**BRADESCO**

In this prospectus, unless the context otherwise requires, (i) references to Bradesco , we , our or to us mean Banco Bradesco S.A. and its consolidated subsidiaries and (ii) references to our Grand Cayman branch or the issuer mean Banco Bradesco S.A., acting through its Grand Cayman branch.

The Securities have not been, and will not be, registered with the Comissão de Valores Mobiliários, or CVM, the securities and exchange commission of Brazil. Any public offering or distribution, as defined under Brazilian laws and regulations, of the Securities in Brazil is not legal without such prior registration under Law 6385/76, as amended. If a Brazilian resident acquires any security, such security can neither circulate in Brazil in bearer form nor be repaid in Brazil in a currency other than the Brazilian currency at the time such payment is made.

**This prospectus incorporates important business and financial information about Bradesco that is not included in or delivered with this prospectus. This information is available to you without charge upon written or oral request to The Bank of New York, Corporate Trust Operations, Reorganization Unit, 101 Barclay Street 7 East, New York, New York 10286, Attention: Mr. Kim Lau, telephone (212) 815 3750, facsimile (212) 298 1915. To obtain timely delivery, you must request this information no later than five business days before the expiration date of this exchange offer.**

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**AVAILABLE INFORMATION**

We are filing with the SEC a registration statement on Form F-4 relating to the Securities. This prospectus is a part of the registration statement, but the registration statement includes additional information and also includes exhibits that are referenced in this prospectus.

***Bradesco.*** Bradesco is currently subject to the information requirements of the Exchange Act applicable to a foreign private issuer, and accordingly files or furnishes reports, including annual reports on Form 20-F, reports on Form 6-K, and other information with the U.S. Securities and Exchange Commission. These reports and other information filed can be inspected at, and subject to the payment of any required fees, copies may be obtained from, the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549, and at its regional offices at 3 World Financial Center, Room 4-300, New York, New York 10281, and 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604. The SEC can be reached at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. These reports and other information may also be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. As a foreign private issuer, however, Bradesco is exempt from the proxy requirements of Section 14 of the Exchange Act and from the short-swing profit recovery rules of Section 16 of the Exchange Act, although the rules of the New York Stock Exchange may require Bradesco to solicit proxies from its shareholders under some circumstances.

***The trustee and the paying agent.*** The trustee will furnish to holders of Securities copies of documents referred to herein. Holders of Securities should contact the trustee, The Bank of New York, at 101 Barclay Street, 21W, New York, New York 10286.

***The Luxembourg paying agent.*** The Luxembourg paying agent will furnish to holders of Securities copies of documents referred to herein. Holders of the Securities should contact the Luxembourg paying agent, Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, L-2955, Luxembourg.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with them, which means we can disclose important information by referring to those documents. The information incorporated by reference is considered to be part of this prospectus, and some later information that we file with or furnish to the SEC will automatically be deemed to update and supersede this information. We incorporate by reference the following documents that have been filed or furnished to the SEC:

the report on Form 6-K furnished to the SEC on May 17, 2005;

the annual report on Form 20-F for the fiscal year ended December 31, 2004 filed with the SEC on June 30, 2005;

the report on Form 6-K furnished to the SEC on July 1, 2005;

the report on Form 6-K furnished to the SEC on July 13, 2005;

the report on Form 6-K furnished to the SEC on July 19, 2005;

the report on Form 6-K furnished to the SEC on July 22, 2005;

the report on Form 6-K furnished to the SEC on July 25, 2005;

the reports on Form 6-K furnished to the SEC on July 27, 2005;

the report on Form 6-K furnished to the SEC on August 1, 2005; and

the report on Form 6-K furnished to the SEC on August 2, 2005.

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All documents filed with or furnished to the SEC by Bradesco pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act after the date of this prospectus and prior to the consummation of this offering shall be deemed to be incorporated by reference into this prospectus and be a part of it from the dates of filing of these documents.

Any statement contained in a document incorporated or deemed incorporated by reference into this prospectus is superseded to the extent that a statement contained in this prospectus, or in any other document subsequently filed with or furnished to the SEC is inconsistent therewith.

Copies of all documents incorporated by reference herein may be obtained free of charge from the SEC website at <http://www.sec.gov> or at the office of the trustee and the Luxembourg paying agent.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements appear in a number of places in this prospectus, principally in Risk Factors and Summary, and in the Form 20-F, which is incorporated by reference herein, principally in Operating and Financial Review and Prospects and Information on the Company, and include statements regarding our intent, belief or current expectations or those of our officers with respect to, among other things, the use of proceeds of the offering, our financing plans, trends affecting our financial condition or results of operations, the impact of competition and future plans and strategies. These statements reflect our views with respect to such matters and are subject to risks, uncertainties and assumptions, including, among other things:

- general economic, political and business conditions, both in Brazil and abroad;
- management's expectations and estimates concerning our future financial performance, financing plans and programs, and the effects of competition;
- the continued growth of our insurance, leasing, asset management and other businesses complementary to banking services;
- our level of capitalization and debt;
- anticipated trends and competition in the Brazilian banking and financial services industries;
- the market value of Brazilian government securities;
- interest rate fluctuations, inflation and devaluation of the *real* in relation to the U.S. dollar;
- existing and future governmental regulation and tax matters;
- increases in defaults by borrowers and other loan delinquencies and increases in the provision for loan losses;
- customer loss, revenue loss and deposit attrition;
- our ability to sustain or improve performance;
- credit and other risks of lending and investment activities; and
- other risk factors as set forth under Risk Factors.

The words believe, may, will, estimate, continue, anticipate, intend, expect, plan, target, project, should, and similar words are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or other factors. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus might not occur. Our actual results could differ substantially from those anticipated in our forward-looking statements.

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**SUMMARY**

*This summary highlights selected information from this prospectus. Because this is a summary, it does not contain all of the information that may be important to you. You should carefully read the entire prospectus to understand fully the terms of the exchange offer and the Securities, as well as the tax and other considerations that are important to you in making your investment decision and participating in the exchange offer. You should pay special attention to the Risk Factors section beginning on page 10 of this prospectus.*

**Bradesco**

We believe we are the largest private-sector (non-government-controlled) bank in Brazil in terms of total net worth as of December 2004. We provide a wide range of banking and financial products and services, in Brazil and abroad to individuals, small to mid-sized companies and major local and international corporations and institutions. We have the most extensive private-sector branch and service network in Brazil, which permits us to reach a diverse customer base. Our services and products encompass banking operations such as lending and deposit-taking, credit card issuance, insurance, leasing, payment collection and processing, pension plans, asset management, brokerage services and consortium management.

According to information published by *Superintendência de Seguros Privados* (the Superintendency of Private Insurance, which is known as SUSEP) and by the *Agência Nacional de Saúde Suplementar* (the National Agency of Supplemental Health, known as ANS), we are the largest insurance, pension plan and *títulos de capitalização*, or certificated savings plan, provider in Brazil on a consolidated basis in terms of insurance premiums, pension plan contributions and income from certificated savings plans. We are also one of the leaders among private-sector financial institutions in third-party resource management and in the underwriting of debt securities, according to information published by the National Association of Investment Banks, known as ANBID. In December 2004, according to information published by *Secretaria da Receita Federal* (the Federal Revenue Service), we accounted for 20.2% of the total nationwide collections of a tax called the Provisional Contribution on Financial Transactions, known as CPMF. Since the CPMF tax is levied on virtually all Brazilian financial transactions, this statistic provides a measure of the percentage of Brazilian financial transactions that we handle.

At December 31, 2004, we had, on a consolidated basis in accordance with generally accepted accounting principles in the United States, commonly called U.S. GAAP:

R\$177.1 billion in total assets;

R\$68.6 billion in total deposits; and

R\$63.2 billion in total loans;

R\$15.6 billion in shareholders' equity.

Although our customer base includes individuals of all income levels as well as large, mid-sized and small businesses, the lower to middle income citizens of Brazil have traditionally formed the backbone of our clientele. Since the 1960s, we have been a leader in this retail banking market in Brazil. This segment still has great potential for development and provides us with higher margins than other segments, such as corporate credit operations and securities trading, where we face greater price competition.

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The breadth of our retail and corporate banking and insurance operations is illustrated by the following operating data, which is shown on a consolidated basis at December 31, 2004:

34.6 million savings accounts;

15.7 million checking accounts;

11.2 million insurance policyholders;

1,304 of Brazilian and multinational groups of affiliated companies in Brazil as corporate customers;

a nationwide network consisting of 3,004 branches, 21,822 ATMs and 2,301 special banking service posts and outlets located on the premises of selected corporate clients; and

six branches and six subsidiaries located in New York, the Cayman Islands, the Bahamas, Japan, Argentina and Luxembourg.

Our large banking network allows us to be closer to our customers, which, in turn, permits our managers to have personal and direct knowledge of our customers, economically active regions and other conditions relevant to our business. This knowledge helps us in assessing and limiting credit risks in credit operations, among other risks, as well as in servicing the particular needs of our clients. Approximately 11.0 million transactions are executed through our Bradesco network every day.

In recent years, we have taken important steps to offer our products and services through the Internet and to help our customers and employees gain access to the Internet. We were one of the first banks worldwide to introduce on-line Internet banking. In December 1999 we became the first bank in Latin America, and among the first in the world, to provide free limited Internet access to clients. We also provide computers in many of our branches and service centers that permit clients to access the Internet in order to conduct banking transactions, pay bills and shop on-line. Our Internet banking services, along with our customer service center, make our banking services available to our customers 24 hours a day, seven days a week.

We are headquartered in São Paulo, Brazil, and our Grand Cayman branch is headquartered in George Town, Grand Cayman, British West Indies. Our address in Brazil is Cidade de Deus, Vila Yara, 06029 900, Osasco, SP, Brazil, and our general phone number is (55-11) 3235-9566.

**Table of Contents****Summary of Consolidated Financial Data**

The following financial data should be read in conjunction with the consolidated financial statements, Selected Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated herein by reference. Our consolidated financial statements at and for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 have been prepared in accordance with U.S. GAAP.

	<b>At and for the year ended December 31,</b>				
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<i>(R\$ in millions, except %)</i>				
<b>Consolidated Income Statement Data</b>					
Net interest income excluding provision for loan losses	R\$ 14,804	R\$ 14,999	R\$ 13,467	R\$ 9,493	R\$ 6,846
Fee and commission income	13,375	12,965	10,924	7,730	5,602
Net income	4,310	3,463	2,894	2,866	2,593
	3,327	2,302	2,142	2,270	1,799
<b>Consolidated Balance Sheet Data</b>					
Total assets	177,079	166,330	129,875	108,295	91,852
Loan and leasing portfolio	63,176	54,795	52,324	44,994	39,439
Securities and interbank deposits	55,373	51,702	33,929	31,923	24,113
Shareholders' equity	R\$ 15,559	R\$ 13,592	R\$ 10,852	R\$ 9,789	R\$ 7,881
<b>Other Financial/Operating Data</b>					
Return on equity <sup>(1)</sup>	21.4%	16.9%	19.7%	23.2%	22.8%
Return on assets <sup>(2)</sup>	1.9%	1.4%	1.6%	2.1%	2.0%
Efficiency ratio <sup>(3)</sup>	62.4%	64.7%	60.5%	57.4%	62.6%
Funds under management	86,253	72,494	45,100	41,905	38,097
Number of branches <sup>(4)</sup>	3,004	3,052	2,954	2,610	2,579
Active customers (in millions) <sup>(5)</sup>	15.7	14.5	13.0	12.0	10.8
Employees <sup>(6)</sup>	73,644	75,781	74,393	65,713	65,804

**Notes:**

- (1) Net income divided by period-end shareholders' equity.
- (2) Net income divided by period-end total assets.
- (3) (Salaries and Benefits plus Administrative Expenses) divided by (Net Interest Income plus Non-interest Income less Non-Interest Expenses excluding Salaries and Benefits and Administrative Expenses).
- (4) Excluding customer site branches.

- (5) Represent active customers at period-end. A client is considered active when it performs one or more current account transactions per month or has an average positive balance over a period of three months.
- (6) Actual number of full-time and part-time employees at period-end.

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**Summary of this Exchange Offer**

In June 2005, we completed an offering of U.S.\$300 million principal amount of securities that was exempt from the SEC's registration requirements. In connection with that offering, we agreed, among other things, to deliver this prospectus to you, to use our reasonable best efforts to cause this exchange offer to be declared effective by September 30, 2005 and to consummate this exchange offer by October 31, 2005.

**This Exchange Offer**

We are offering to exchange up to U.S.\$300,000,000 aggregate principal amount of Securities which have been registered under the Securities Act for up to U.S.\$300,000,000 of outstanding aggregate principal amount of existing securities.

The form and terms of the Securities that we are offering in this exchange offer are identical in all material respects to the form and terms of the existing securities which were issued on June 3, 2005 in an offering that was exempt from the SEC's registration requirements, except that the Securities that we are offering in this exchange offer have been registered under the Securities Act. The Securities will not contain terms with respect to transfer restrictions or interest rate increases that relate to our failure to file a registration statement for the Securities. The Securities that we are offering in this exchange offer will evidence the same obligations as, and will replace, the existing securities and will be issued under the same indenture.

If you wish to exchange an outstanding security, you must properly tender it in accordance with the terms described in this prospectus. We will exchange all outstanding securities that are validly tendered and are not validly withdrawn.

As of this date, there are U.S.\$300 million principal amount of existing securities outstanding. The exchange offer is not contingent upon any minimum aggregate principal amount of existing securities being tendered for exchange. We will issue registered securities on or promptly after the expiration of the exchange offer.

**Registration Rights Agreement**

We are making this exchange offer in order to satisfy our obligation under the registration rights agreement, entered into on June 3, 2005, to cause our registration statement to become effective under the Securities Act. You are entitled to exchange your existing securities for registered securities with substantially identical terms. After the exchange offer is complete, you will generally no longer be entitled to any registration rights with respect to your existing securities.

**Resales of the Exchange Securities**

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the Securities may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that:

you acquire any Security in the ordinary course of your business;

you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the Securities;

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you are not a broker-dealer who purchased existing securities for resale pursuant to Rule 144A or any other available exemption under the Securities Act; and

you are not an affiliate (as defined in Rule 405 under the Securities Act) of Bradesco.

If our belief is inaccurate and you transfer any Security without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your existing securities from such requirements, you may incur liability under the Securities Act. We do not assume or indemnify you against this liability.

Each broker-dealer that is issued Securities for its own account in exchange for securities that it acquired as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Securities. The letter of transmittal states that, by making this acknowledgment and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker-dealer who acquired existing securities as a result of market-making or other trading activities may use this prospectus for an offer to resell, resale or other retransfer of the Securities. We believe that no registered holder of the existing securities is an affiliate (as the term is defined in Rule 405 of the Securities Act) of Bradesco.

**Expiration Date**

This exchange offer will expire at 5:00 p.m. on \_\_\_\_\_, 2005, New York City time, unless we decide to extend the expiration date.

**Conditions to this Exchange Offer**

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the SEC.

**Withdrawal Rights**

You may withdraw the tender of your existing securities at any time prior to 5:00 p.m., New York City time, the expiration date.

**U.S. Federal Income Tax Consequences**

The exchange of existing securities should not be a taxable exchange for United States federal income tax purposes. For a discussion of other U.S. federal income tax consequences resulting from the exchange, acquisition, ownership and disposition of the Securities, see Taxation United States Tax Considerations . We will not recognize any gain or loss for accounting purposes upon the completion of the exchange offer. The expenses of the exchange offer that we pay will increase our differed financing costs in

accordance with generally accepted accounting principles.

**Use of Proceeds**

We will not receive any proceeds from the issuance of Securities in this exchange offer. We will pay all registration expenses incident to this exchange offer.

**Exchange Agent**

The Bank of New York is serving as exchange agent in connection with the exchange offer.

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**Summary of Terms of the Exchange Securities**

<b>Issuer</b>	Banco Bradesco S.A., acting through its Grand Cayman branch.
<b>The Securities</b>	U.S.\$300 million aggregate principal amount of 8.875% Perpetual Non-Cumulative Junior Subordinated Securities.
<b>Indenture</b>	The Securities will be issued under the indenture dated as of June 3, 2005 between The Bank of New York Trust Company (Cayman) Limited, as trustee, and us.
<b>Interest</b>	The Securities will bear interest from June 3, 2005 at the rate of 8.875% per annum, payable quarterly in arrears. We have the right not to pay interest in certain circumstances and interest will not accrue or accumulate in respect of any period in which we exercise this right. See " Limitation on Obligation to Make Interest Payments .
<b>Interest Payment Dates</b>	March 3, June 3, September 3, and December 3 of each year, commencing on September 3, 2005.
<b>Limitation on Obligation to Make Interest Payments</b>	We may suspend payments of interest at any time without such interest accruing or being due and payable in the event that (i) we determine that we are, or if such interest payment would result in us being, in noncompliance with applicable capital regulations, (ii) the Central Bank or certain other governmental or regulatory authorities otherwise determine that such interest payment may not be made, (iii) certain insolvency or bankruptcy events occur, (iv) certain defaults occur, or (v) we elect to suspend the accrual of interest for any other reason. In the event that any payment of interest is suspended pursuant to item (v) above, we will be required to comply with the covenant set out under " Dividend Stopper below. See Description of the Securities Limitation on Obligation to Make Interest Payments . The Securities are intended to have loss absorption capacity on an ongoing basis and, accordingly, may be used by us, after absorption of accumulated profits, profit reserves (including legal reserves) and capital reserves, to off-set losses.
<b>Dividend Stopper</b>	We have agreed in the indenture that in the event that interest is not paid when due and payable or in the event that any payment of interest is suspended pursuant to item (v) described in Limitations on Obligation to Make Interest Payments above, we will not recommend to our stockholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Restricted Payment Event until payments of interest have been resumed for an equivalent period of 12 months.
<b>Restricted Payment Event</b>	Each of the following items constitutes a Restricted Payment Event:

- (i) we declare, pay or distribute a dividend or make a payment on, or in respect of, any of our Junior Securities or Parity Securities (each such term as defined in Description of the Securities ); or
- (ii) we or any of our subsidiaries redeem, purchase or otherwise acquire for any consideration any of our Junior Securities or Parity Securities, other than:

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- (a) by conversion into, or in exchange for, our Common Shares, as defined in Description of the Securities ;
- (b) in connection with transactions effected by or for our customers or customers of any of our subsidiaries or in connection with interest, trading or market-making activities in respect of those Securities;
- (c) in connection with the satisfaction of our obligations or the obligations of any of our subsidiaries under any employee benefit plans or similar arrangements with, or for the benefit of, employees, officers, directors or consultants;
- (d) as a result of a reclassification of our capital stock or the capital stock of any of our subsidiaries or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or
- (e) the purchase of the fractional interests in shares of our capital stock or the capital stock of any of our subsidiaries pursuant to the conversion or exchange provisions of that capital stock (or the existing security being converted or exchanged).

In the event of a breach of our covenant not to make or cause a Restricted Payment Event or other obligation under the Securities and the indenture (other than any breach that results in a Payment Default), a holder of Securities would not be entitled to accelerate or institute bankruptcy proceedings and would only be entitled to rights and remedies provided under New York, Cayman Islands and Brazilian law.

**Optional Redemption After June 3, 2010**

We may (with the prior approval of the Central Bank or any other applicable Governmental Authority (as defined herein)) redeem the Securities in whole but not in part on June 3, 2010 or on any Interest Payment Date occurring thereafter, at a redemption price equal to the Base Redemption Price (as defined in Description of the Securities ). See Description of Securities Optional Redemption .

**Early Redemption Upon the Occurrence of a Regulatory Event or a Tax Event**

If the Securities qualify as Tier I capital, we may (with the prior approval of the Central Bank) redeem the Securities in whole, but not in part, at any time prior to June 3, 2010, at a redemption price equal to the greater of the Base Redemption Amount and the Make-Whole Amount (as defined in Description of the Securities ), in the event that we are notified by the Central Bank that the Securities may no longer be included in our consolidated Tier I capital. See Description of the Securities Early Redemption upon Tax Event or Regulatory Event .

We may (with the prior approval of the Central Bank or any other applicable Governmental Authority) redeem the Securities in whole but not in part at any time prior to June 3, 2010, at a redemption price equal to the Base Redemption Price, in the event of certain changes affecting taxation of the Securities. See Description of the Securities Early Redemption upon Tax Event or Regulatory Event .

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**Ranking**

The Securities will initially constitute our unsecured, subordinated obligations and rank *pari passu* without preference among themselves. In the event of our bankruptcy, liquidation or dissolution under Brazilian law, the Securities will rank:

junior in right of payment to the payment of all our Senior Debt (as defined in Description of the Securities );

*pari passu* among themselves and with our preferred shares and any other Parity Securities; and

senior in right of payment to the payment of our Junior Securities.

**Use of Proceeds**

We will receive no proceeds from the exchange of the existing securities for the Securities.

**Amendments to the Terms and Conditions of the Securities**

In the event that we elect to qualify the Securities as Tier I capital, we may at any time, without the prior consent of Securityholders, amend the terms and conditions of the Securities to reflect any requirement of the Central Bank in relation to qualification of the Securities as Tier I capital. Any other amendment to the terms and conditions of the Securities (other than in respect of minor amendments required to cure inconsistencies, defects, ambiguities and similar matters) is subject to the prior consent of Securityholders (see Description of the Securities Amendments ).

**Withholding Taxes; Additional Amounts**

All payments of principal and interest in respect of the Securities will be made without withholding or deduction for any taxes or other governmental charges imposed by Brazil or the Cayman Islands, or, in the event that we appoint additional paying agents, in the jurisdictions of those paying agents, or any political subdivision or any taxing authority thereof, unless such withholding or deduction is required by law. In the event we are required to withhold or deduct amounts for any taxes or other governmental charges, we will pay such additional amounts necessary to ensure that the securityholders receive the same amount as the securityholders would have received without such withholding or deduction, subject to certain exceptions. See Description of the Securities Additional Amounts .

**U.S. ERISA and Certain Other Considerations**

Sales of the Securities to specified types of employee benefit plans and affiliates are subject to certain conditions. See United States ERISA and Certain Other Considerations .

**Listing**

We have applied to list the Securities on the Luxembourg Stock Exchange.

Directive 2004/109/EC of the European Parliament and Council, dated December 15, 2004 on the harmonization of transparency requirements for information about issuers whose securities are admitted to trading on an European Union regulated market amended Directive 2001/34/EC (the **Transparency Directive** ) and became effective on January 20, 2005.



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It requires member states to take measures necessary to comply with the Transparency Directive by January 20, 2007. If, as a result of the Transparency Directive or any legislation implementing the Transparency Directive, we could be required to publish financial information either more regularly than we otherwise would be required to or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may delist the Securities from the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the Securities on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as we may decide.

**Governing Law**

The indenture, the Securities, the registration rights agreement and related documents are governed by the laws of the State of New York, except that the subordination provisions of the indenture and the Securities are governed by Brazilian law.

**Form and Denomination**

The Securities will be in fully registered form without interest coupons attached. Definitive securities representing the Securities will only be available under certain circumstances. The Securities will be issued in denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in excess thereof. See Form, Denomination and Transfer .

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**RISK FACTORS**

*The information presented in our Form 20-F and the following section describe some but not all of the risks associated with an investment in the Securities. You should consider, among other things, the risk factors with respect to our bank, Brazil and to the Securities not normally associated with investing in securities issued by companies in the United States or in countries with similarly developed capital markets, including those set forth in our Form 20-F and those set forth below. See Risk Factors in our Form 20-F which are incorporated herein by reference.*

**Risks Relating to Bradesco and the Brazilian Banking Industry**

***Integration of acquired businesses***

We have made a number of acquisitions in the past and may make further acquisitions in the future as we continue our growth in the consolidating Brazilian financial services industry (see Information on the Company History Recent Important Acquisitions and Joint Ventures in our Form 20-F, which is incorporated herein by reference). The integration of the institutions and assets we may acquire or intend to acquire and the integration process during the post-acquisition period may involve certain risks, including the risks that:

integrating new networks, information systems, personnel, products and customer base into our existing business may place additional demands on our senior management, information systems, back office operations and marketing resources;

we may incur in unexpected liabilities or contingencies relating to the acquired businesses; and

delays in the integration process may cause us to incur greater operating expenses than expected with respect to our acquired business.

***Changes in taxes and other fiscal assessments may adversely affect us***

The Brazilian Government regularly enacts reforms to the tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified and there can be no assurance that these reforms will not, once implemented, have an adverse effect upon our business. Furthermore, such changes have produced uncertainty in the financial system, increased the cost of borrowing and contributed to the increase in our non-performing loan portfolio. See Regulation and Supervision Taxation in our Form 20-F, which is incorporated herein by reference.

***The changes in the Brazilian tax and social security systems may negatively affect our operations and revenue***

The Brazilian Congress, through Law No. 10,684 of May 30, 2003, has approved the increase in the rate of the *Contribuição para Financiamento de Seguridade Social*, or COFINS, payable by entities in the financial services sector, including us. The *Programa de Integração Social*, or PIS, and COFINS were previously imposed on the gross revenues of financial companies at a combined rate of 3.65%. As of September 2003, the rate of COFINS increased from 3% to 4%. Therefore, the two taxes are currently imposed on our combined revenues at a combined rate of 4.65%. On December 30, 2002, the Brazilian Government enacted Law No. 10,637, which raised the rate of PIS from 0.65% to 1.65% and made PIS a value-added tax, effective since December 1, 2003. Financial institutions are not subject to this new PIS regime. On December 29, 2003, the Brazilian Government enacted Law No. 10,833, which raised the rate of COFINS from 3% to 7.6% and made COFINS a value-added tax. The new rate of 7.6% has been in force since February 1, 2004. Financial institutions are not subject to this new COFINS regime. If the Brazilian Government were to apply the increased PIS or COFINS rates to financial institutions or otherwise increase the PIS and COFINS taxes we pay, it would adversely impact our financial results. See Regulation and Supervision Taxation PIS and COFINS#14