

PROJECT ABSTRACT

Project Number: BR – 0407
Project Name: Banco Bradesco Trade Finance Facility
Country: Brazil
The Borrower: Banco Bradesco S.A.
Total Project Amount: US\$ 150 million
IDB Participation: IDB A-Loan: Up to US\$50 million
IDB B-Loan: Approximately Up to US\$60 million
Department: Private Sector Department
Status:
Approval Date: March 17, 2003

Project Description

The project consists of an international trade finance facility (the “Facility”) to Bradesco consisting of an unsecured A-Loan of up to US\$50 million with a maturity of up to two years, and an unsecured B-Loan of up to US\$60 million. Subject to market conditions, IDB will be prepared to increase the amount of B-Loan for up to US\$ 100 million. It is expected that IFC will provide a separate loan to Bradesco consisting of an unsecured A-Loan of up to US\$10 million and an unsecured B-Loan equal to that of the IDB B-Loan. Proceeds of the Facility will be used to fund pre-export and post-export transactions of Brazilian companies.

Bradesco was founded in 1943. The bank has grown through a steady stream of acquisitions, and is now the largest private-sector bank in Brazil. The bank, operating as a multiple bank, maintains a strong market position among private-sector banks in Brazil in most business areas and provides a wide range of banking and financial products and services in Brazil and abroad to individuals, small to mid-sized companies in Brazil and major local and international corporations and institutions. It has the most extensive private-sector branch and service network in Brazil, which allows it to access diverse customer base. Bradesco has also been the largest private-sector bank in the Brazilian foreign exchange trade market with a 20.5% share of foreign exchange export contracts closed and a 10.8% share of import contracts as of December 31, 2002. Bradesco’s risk ratings by rating agencies are among the highest attributed to Brazilian banks, with “AAA” rating by Atlantic Rating on a national scale, and “BBpi” by Standard and Poor’s on an international scale (local currency).

Bradesco is largely controlled by two institutions: Fundação Bradesco and Cidade de Deus Participações. At December 31, 2002, members of the Aguiar family indirectly hold 6.40% of Bradesco's capital stock through their 25.11% interest in Cidade de Deus Participações; direct and indirect participation by the public in Bradesco’s common and preferred shares represented an effective interest of 60.24% of Bradesco’s capital stock. At and for the year ended December 31, 2002, Bradesco had total assets of R\$ 142.8 billion, a 29.66% growth rate compared to December 2001, shareholders' equity of R\$

10.8 billion and a net income of R\$ 2.02 billion. Bradesco provides a comprehensive range of retail as well as wholesale financial products and services directly or through subsidiaries to 13 million checking accounts holders and 29.4 million savings accounts, serviced by a nationwide network consisting of 2,954 branches, 22,847 ATMs, 1,846 special banking service posts and outlets located on the premises of the selected corporate clients and 2,500 Postal Bank booths. (All figures and data as of December 31, 2002, unless otherwise stated).

Project Benefits

This TFF for Bradesco is part of the International Trade Finance Reactivation Program approved by the Board of Governors of IDB on February 5th 2003. IDB's participation in the transaction is part of a broader, joint IDB-IFC initiative to address the current shortage of trade finance in Latin America and the Caribbean. The involvement of both IDB and IFC in the A-Loans allows the proposed transaction to achieve a size (A and B-Loan combined) that could result in a meaningful impact on the trade finance needs in Brazil. The B-Loan structure is expected to effectively address short-term Brazil country exposure concerns of international banks and support the Brazilian government's efforts to persuade international lenders to retain outstanding credit lines to Brazilian financial institutions.