

Investor Presentation

June, 2018



Disclaimer

The PURPOSE of this presentation is to provide updated information on financial, institutional and operational status of BNDES Group.

This presentation contains information and documents which are for information purposes only, and they are not meant to serve as a basis for any kind of obligation, contractual or otherwise.

The information provided herein **does not constitute and shall not be deemed to constitute** (i) a public or a private offer; or (ii) an invitation or recommendation to purchase or subscribe, any securities issued or to be possibly issued by BNDES or by any of its subsidiaries. Additionally, no part of it shall be considered to be a product of advisory service, and shall not be used or relied upon as a basis for any investment decision.

BNDES reserves the right to revise the information contained herein at its sole discretion, without previous notice, and makes no representation or warranty that shall maintain it updated or shall update it from time to time in the future, thus will not be held liable for any outdated information.

The information and opinions contained on this presentation are provided as of the date hereof, unless otherwise specified.

It is not the intent of this presentation to provide a complete or comprehensive analysis of the BNDES Group's financial position or prospective position, and you agree you will not rely on these materials as such. In addition, this presentation shall not be deemed to contain all material information concerning the BNDES Group.

Neither BNDES, nor any of its subsidiaries, or their respective representatives, directors, officers, employees, service providers or advisors shall be held liable for any financial damage or damage of any nature whatsoever arising from the use or misuse, by investors or any other person, of the contents of this presentation.

The information contained herein was provided by BNDES or obtained from other public available sources and was not verified by any independent party.

This presentation may only be distributed in compliance with applicable law, and any person in possession of it should be familiar with and adhere to the relevant applicable legal provisions.

Agenda

- **Overview**
- **Corporate Governance**
- **Funding**
- **Investments**
- **Key Financial Figures**

Overview



Overview // Who are we?

- More than 60 years funding the Brazilian growth
- Government-owned: 100% directly owned by the Federal Government, and is not subject to judicial and extrajudicial reorganization and bankruptcy
- Brazil's main provider of long-term funding
- Support to micro, small and medium-sized companies is a BNDES' strategic priority at the moment
- Key role in the Government's strategy for long-term growth of the Brazilian economy: industrial policy, infrastructure and export financing



To facilitate financial solutions which add investments for the sustainable development of the Brazilian Nation.



Long-term investments financing

100%



100%

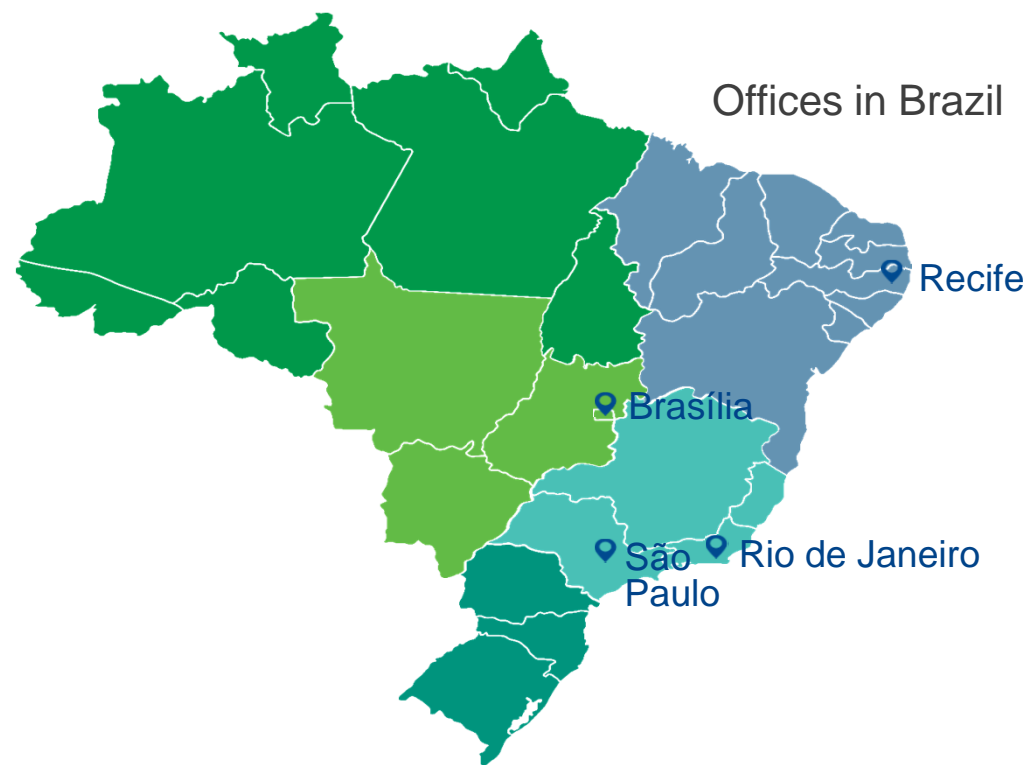


BNDESPAR

Equity Participation

FINAME

Production and acquisition of Brazilian machinery and equipment



2,712 employees (June, 2018)

Short, medium and long-term strategic guidelines, which should guide our actions in the 2018-2030 period

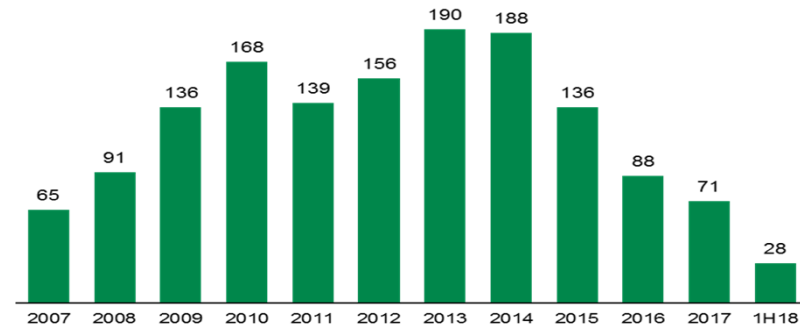
-  Infrastructure: To develop and support projects aimed at increasing productivity and strengthening the connection between markets, enabling new business creation.
-  Productive Structure: To support the transformation of traditional business models and the insertion of Brazil in the global and knowledge economies.
-  Education, health and safety: To increase the level of qualification and standards of labor productivity and to improve current conditions of public health and safety.
-  Sustainability: To support migration to the green economy thus giving prominence to Brazil.
-  Capital Market: To develop the market by promoting crowding in and inducing good practices.
-  Regional Development: To develop the various regions of the country, supporting companies and public agencies.
-  Innovation: To stimulate innovation and entrepreneurship as a lever of development.

Overview // Annual Disbursements

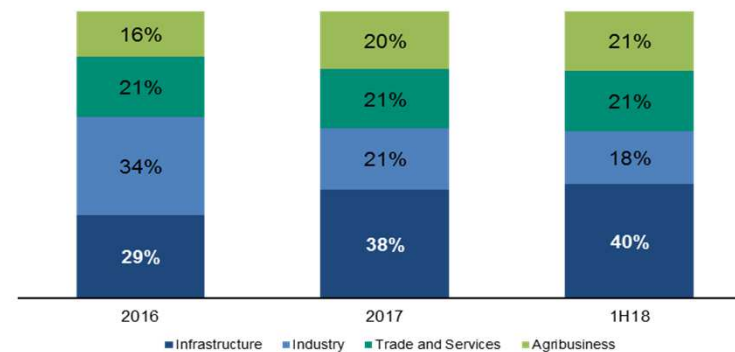
BNDES loan financing platform

- BNDES has a wide range of clients, with a financing platform that reaches a **large number of micro, small and medium-sized companies**
- **Direct financing:** provided directly to clients
- **Indirect financing:** provided through a network of accredited financial intermediaries
 - Many commercial banks in Brazil operate BNDES credit lines
 - BNDES assumes the credit risk of the financial intermediary
 - In the case of insolvency of a financial intermediary, BNDES has direct recourse to the assets of the ultimate borrower
- In 1H18, 54% of the disbursements were indirect operations.

Disbursements (R\$ billion)

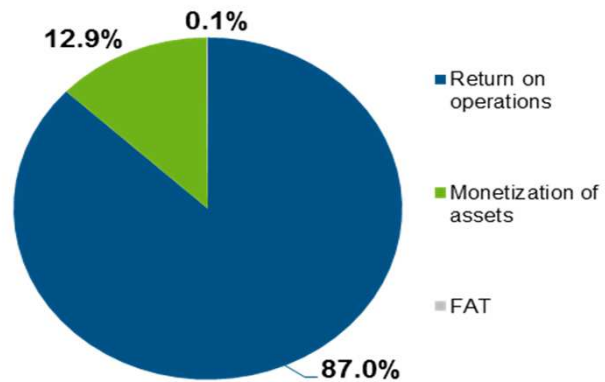


Disbursements by economic sector



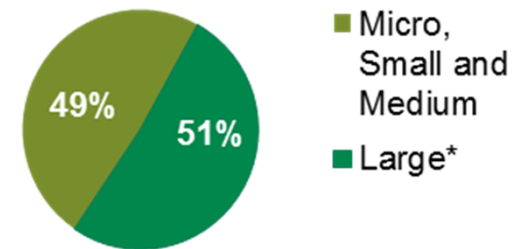
Overview // Cash Flow per Source as of Funds and Wide Range of Clients

Cash Flow per Source fo Funds as of June 30, 2018



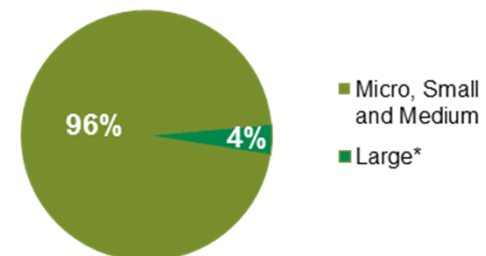
Disbursements by Company Size (1H18)

Total: R\$27.8 billion



Number of Transactions by Company Size (1H18)

Total: 133,965



* Large companies: defined as companies with annual gross operating revenues greater than R\$ 300 million.

Overview // Rating, Bankruptcy and Guarantees

Agency	GLOBAL SCALE				NATIONAL SCALE	
	FOREIGN CURRENCY		LOCAL CURRENCY		LOCAL CURRENCY	
	Rating*	Outlook	Rating*	Outlook	Rating*	Outlook
S&P Global	BB-	Stable	BB-	Stable	Br AAA	Stable
Moody's	Ba2	Stable	Ba2	Stable	Aa1.br	Stable

* Long-term rating.

BNDES' ratings are aligned to brazilian sovereign ratings as BNDES is considered a government-related entity (GRE).

- BNDES it is not subject to Central Bank extra-judicial intervention and liquidation proceedings (Law N° 6,024/1974).
- BNDES as a wholly state-owned by the federal government is not subject to judicial and extrajudicial reorganization and bankruptcy proceedings (Law N° 11,101/2005).
- Although neither Law states whether the Brazilian Government is liable for BNDES' liabilities in the event of its insolvency, a legal opinion issued on June 18, 2010 by the Ministry of Development, Industry and Foreign Trade stated that, as a wholly state-owned federal government company, the Brazilian Government is responsible for BNDES' obligations.

Overview // International Cooperation

Cooperation

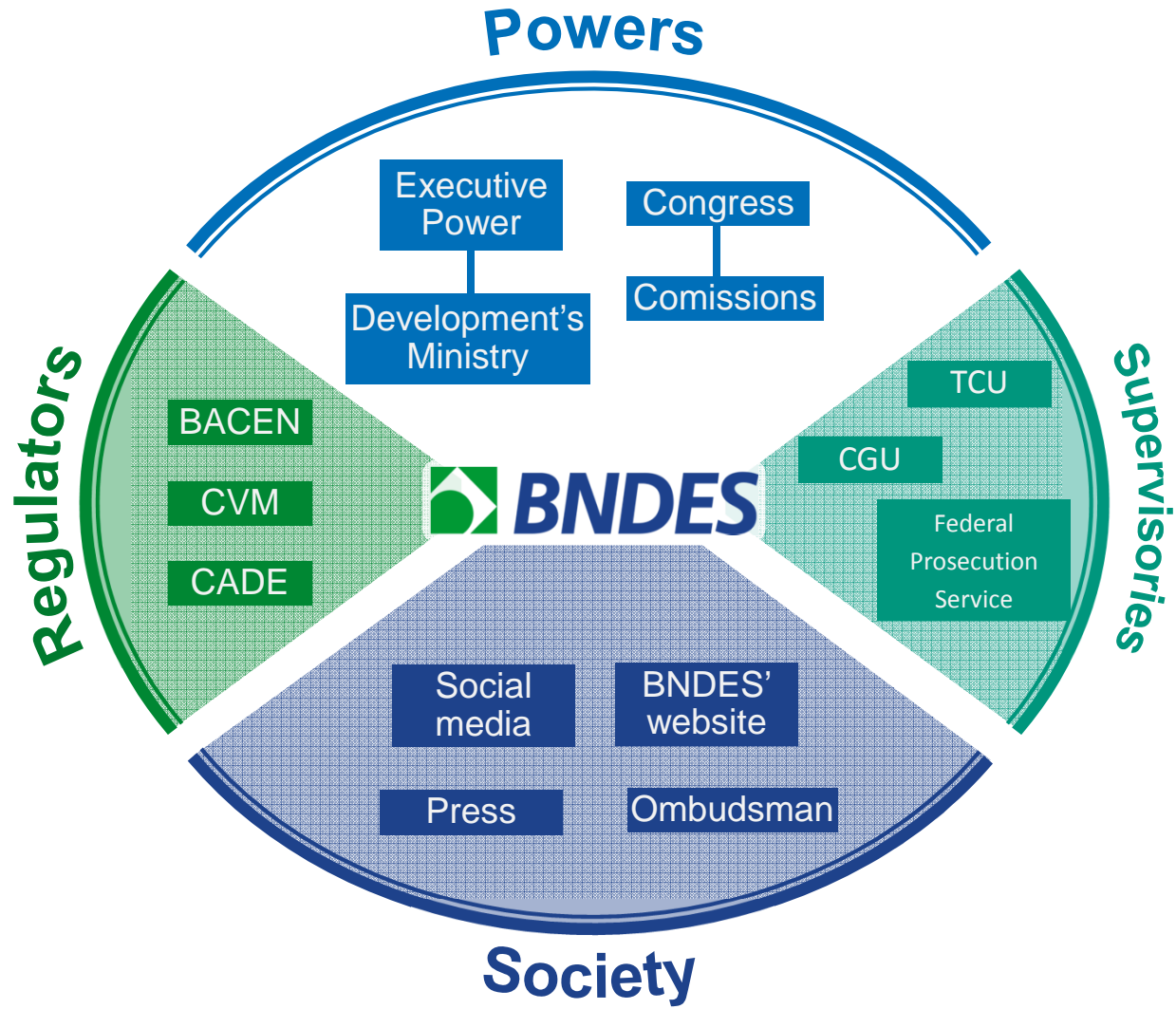


Memberships

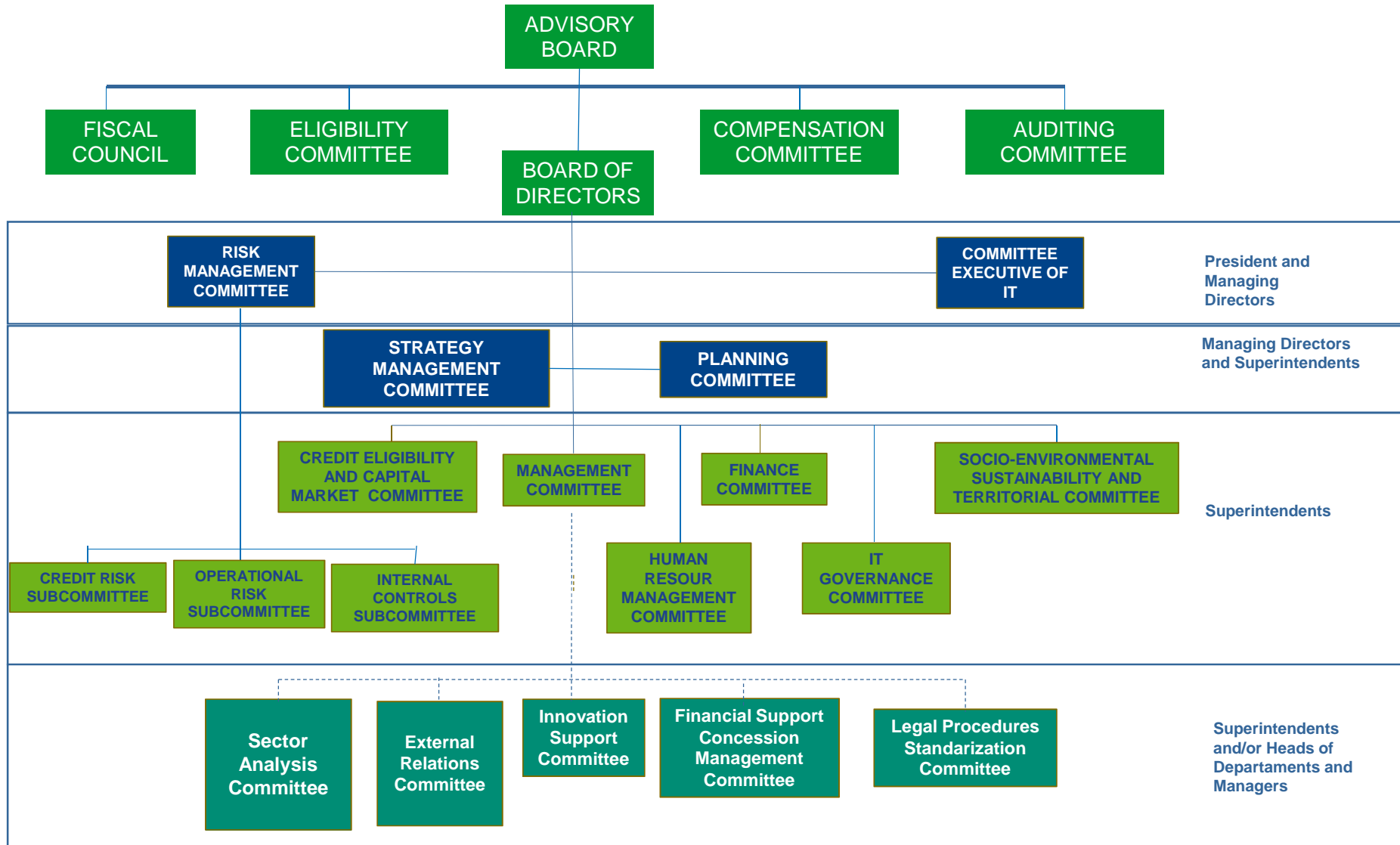


Corporate Governance





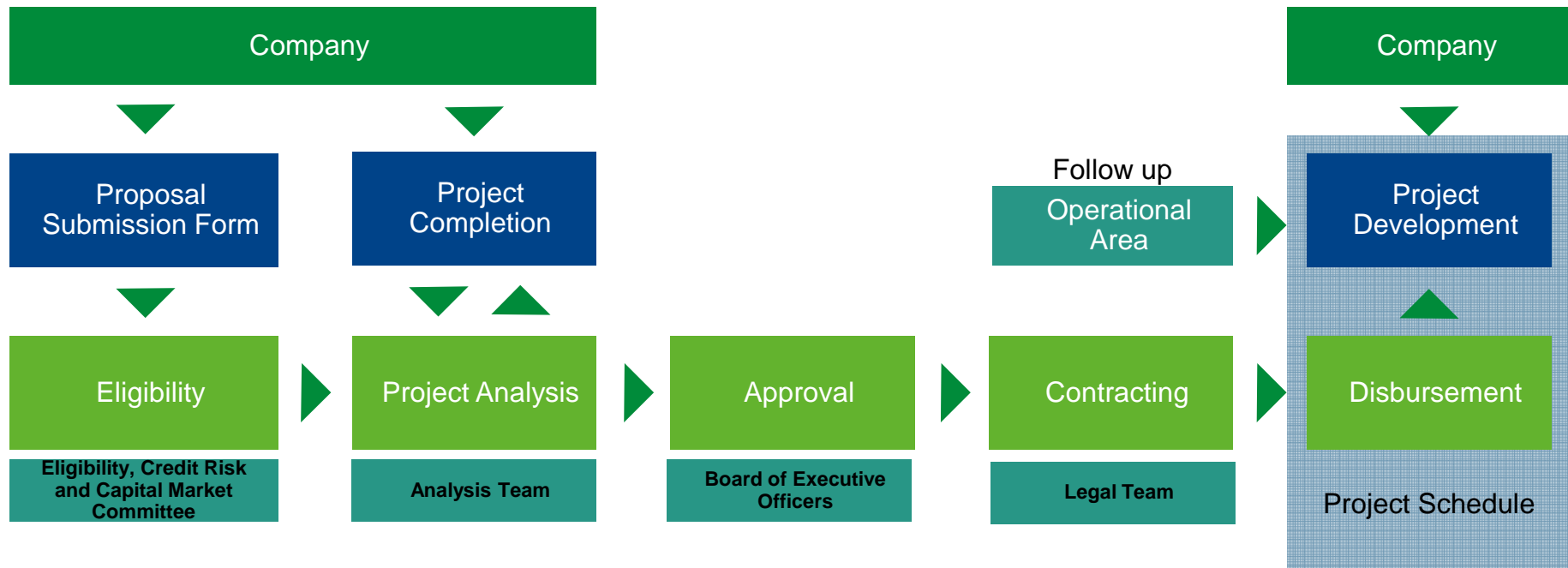
Corporate Governance // Major structure



Corporate Governance// BNDES' Project Evaluation Flow*

COLLEGIATE DECISION-MAKING

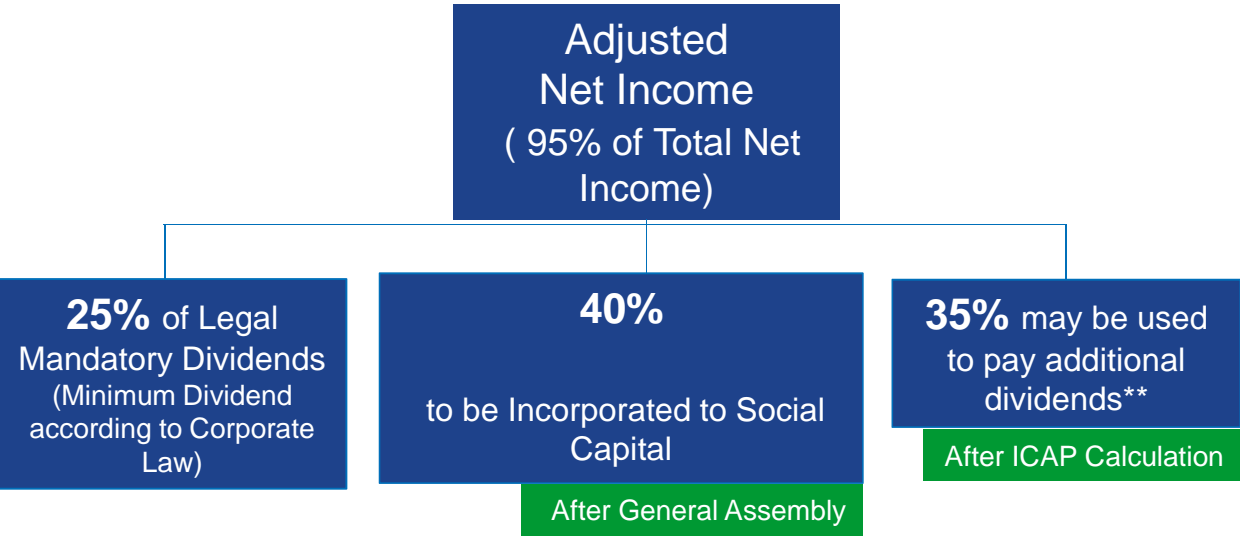
All requests of financial support to business projects submitted to BNDES depends on the approval of different corporate governance levels ensuring a high level of reliability concerning the internal procedures of credit analysis.



* Project evaluation flow for direct operations and non-automatic direct operations.

Corporate Governance// Dividends Policy

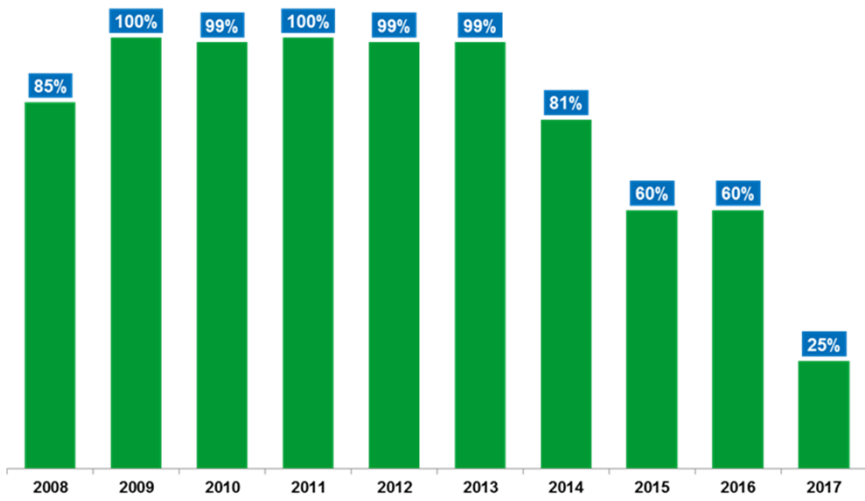
PAYMENT OF DIVIDENDS TO THE BRAZILIAN GOVERNMENT



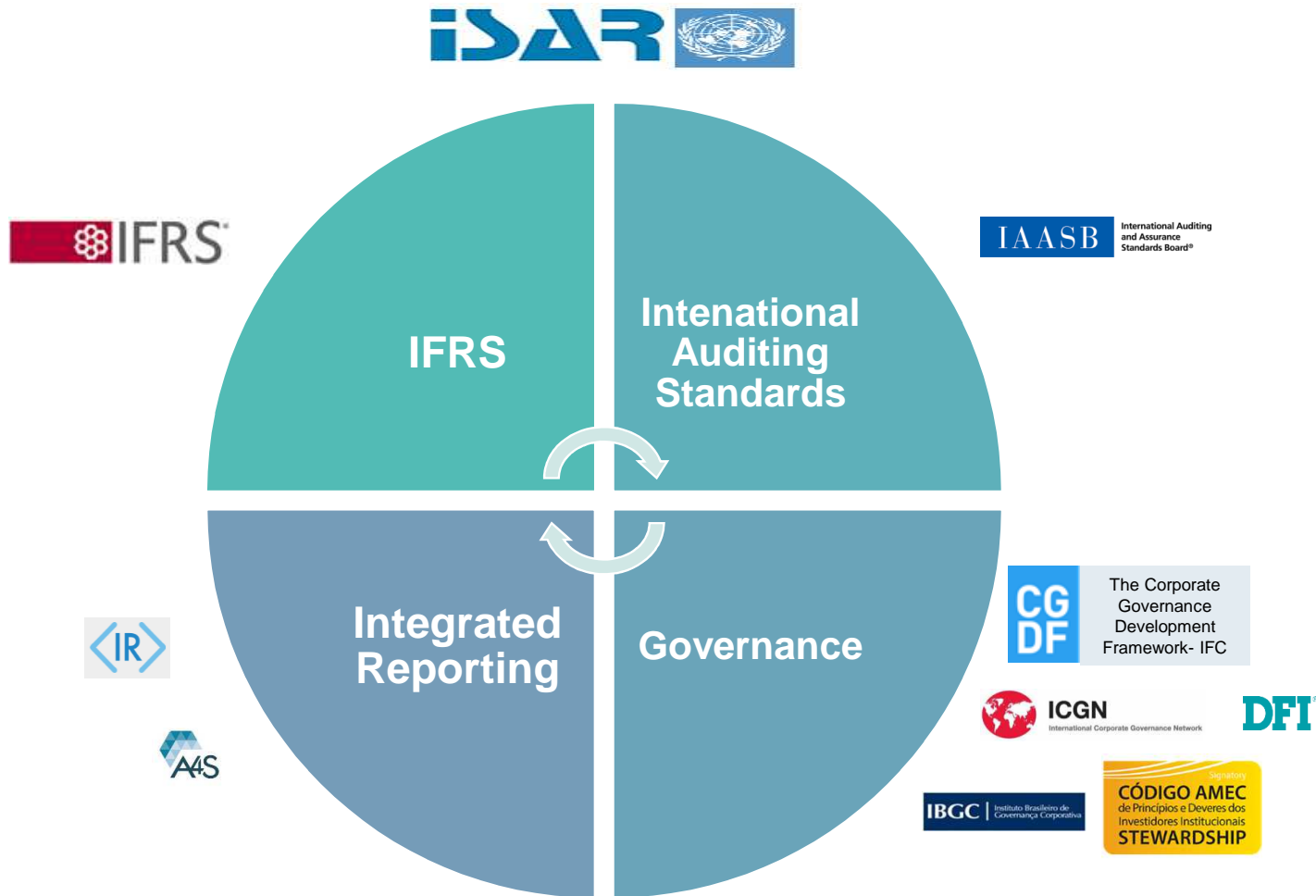
Limited to 60% of the adjusted net income

* The additional dividends can only be paid out if operating limits set by external banking regulations plus an additional margin established by BNDES for the next 36 months are met.

% PAID DIVIDENDS/ADJUSTED NET INCOME

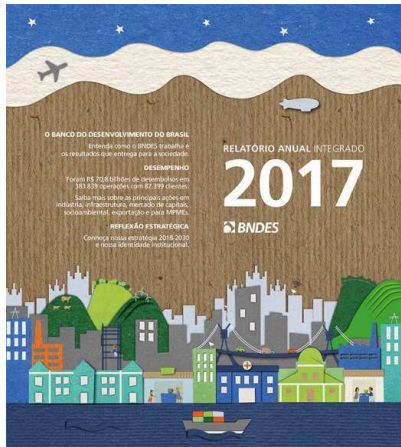


Corporate Governance// Transparency – Best Practices



Corporate Governance// Transparency

Transparency is one of the guiding principles for BNDES's activities and it is also a founding pillar of the relationship with all stakeholders, ensuring dialogue and engagement.



To enhance transparency BNDES adopted the Integrated Reporting framework at his annual report. The journey towards <IR> started taking part of the Pilot Program in 2012 – the first step of the gradual process of adoption of the framework.

The BNDES report is also a hybrid report because it associates sustainability indicators, according to the GRI standard, in the same document.



COMISSÃO BRASILEIRA DE ACOMPANHAMENTO DO
RELATO INTEGRADO

In parallel, BNDES has structured and coordinated until now the Brazilian network to follow the Integrated Report initiative, recognizing its role of stimulating new and better standards of transparency and corporate governance.

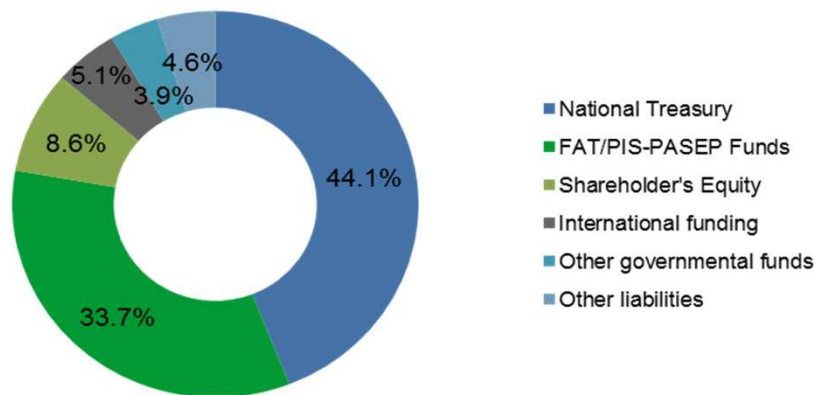
Funding



Funding // Highlights

BNDES raises funds mainly from the Brazilian government, its entities and funds, through securities issuances in the local and international markets and borrowings from international institutions.

CAPITALIZATION ON JUNE 30, 2018



BNDES' SOURCE OF FUNDING AS OF

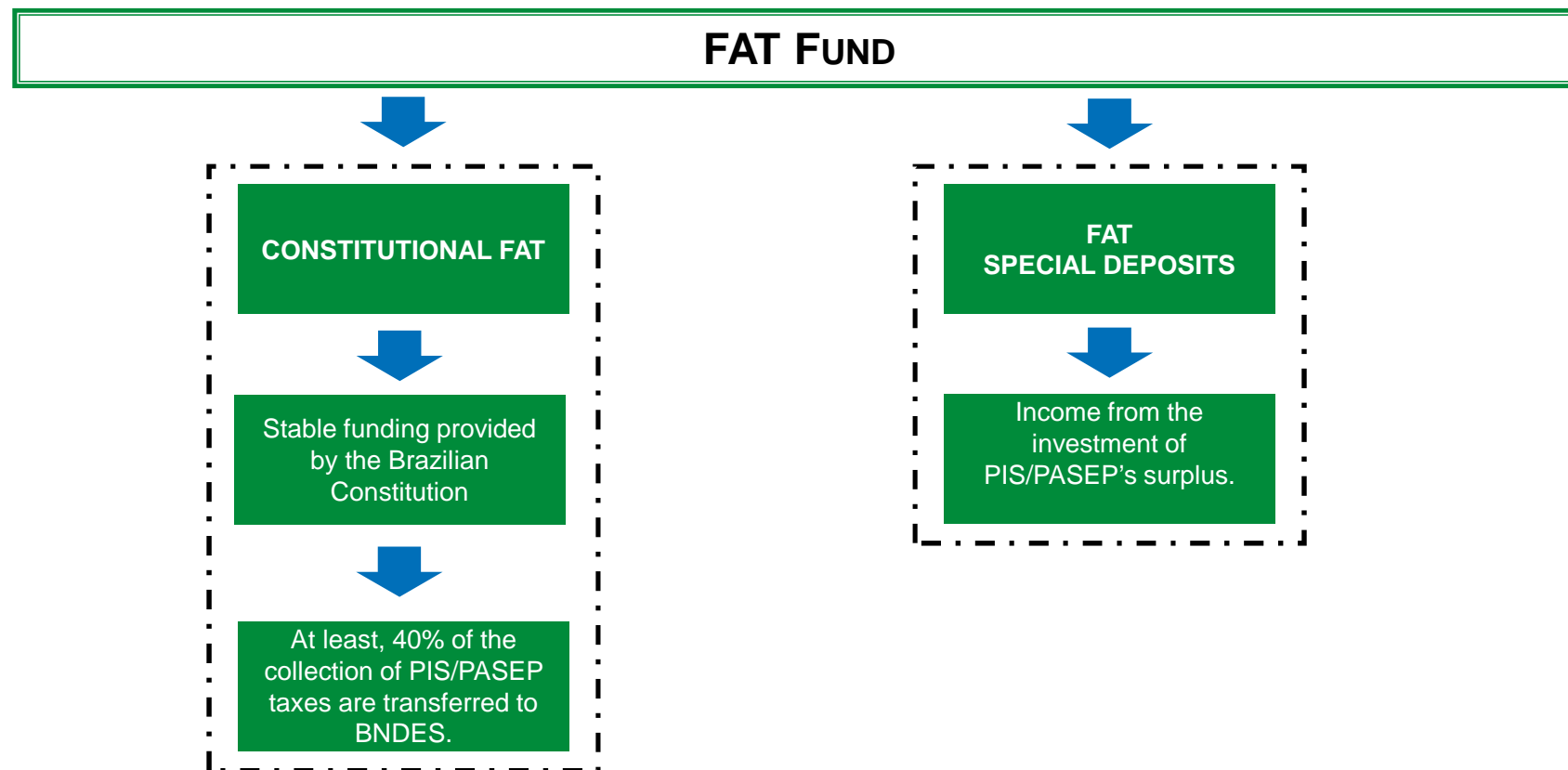
R\$ Million

Funding sources	31/12/2015		31/12/2016		31/12/2017		30/06/2018	
National Treasury	523.737	56,3%	439.763	50,2%	415.988	48,0%	367.721	44,2%
FAT/PIS-PASEP Funds	254.397	27,3%	267.701	30,6%	277.949	32,0%	281.514	33,8%
Shareholder's Equity	30.993	3,3%	55.176	6,3%	62.836	7,2%	71.487	8,6%
International funding	56.543	6,1%	39.612	4,5%	39.857	4,6%	42.708	5,1%
Other governmental funds	33.043	3,6%	30.532	3,5%	30.264	3,5%	32.434	3,9%
Other liabilities	31.863	3,4%	43.353	4,9%	40.623	4,7%	36.886	4,4%
Total	930.576	100%	876.137	100%	867.517	100%	832.750	100%

Funding // Worker's Assistance Fund (FAT Fund)






A government-established fund created in 1988 in order to finance economic development programmes and fund unemployment insurance and an additional annual payment of one minimum wage to each worker who complies with conditions established by Law N° 7,998/90.

Represents **31.4%** of the BNDES' capital structure on June 30, 2018.







Funding // Worker's Assistance Fund (FAT Fund)

CONSTITUTIONAL FAT

-  Automatic transfer to BNDES as an undermined term.
-  Considered as Tier 2 Capital for regulatory purposes (limited to 50% of Tier 1 Capital).
-  Funds with no pre-defined allocation.
-  Interest funding: For operations contracted until December 31, 2017, TJLP rate or, in the case of financing activities, businesses and projects for the production or sale of goods and services for which there is recognised international demand, at LIBOR or U.S. Treasury rates. From January 1st, 2018 on, with the approval of Law nº 13,483/2017, TLP Rate or, in the case of financing activities, businesses and projects for the production or sale of goods and services for which there is recognised international demand, at LIBOR or U.S. Treasury rates.
-  There is no repayment of principal unless the FAT Fund is unable to cover the unemployment insurance programme and the applicable annual payments of one minimum wage for low-income workers who fulfill certain conditions established by the PIS/PASEP Programme. In this case, we may be asked to repay the principal according to the Article 7 of Law Nº 8,019/1990.

SPECIAL DEPOSITS FAT

-  Transfers in addition to FAT Constitutional funds (not only to BNDES, but also to other federal banks).
-  Application in sectors and programmes previously established by the Ministry of Labor.
-  Interest funding: Up until December 31, 2017, TJLP rate when the resources have already been disbursed; if not, they are remunerated at SELIC rate. From January 1st, 2018 on, TLP rate when the resources have already been disbursed; if not, they are remunerated at SELIC rate.
-  Pre-defined amortization schedule.

Funding // National Treasury

- Funding from BNDES' single shareholder
- Each transaction has its specific conditions, regarding cost and amortization schedule
- R\$ 367.7 billion on June 30, 2018 (**44.2%** of BNDES' capital structure)
- **98.2%** of the debt indexed to the TJLP rate on June 30, 2018.
- Average maturity between 19 and 41 years.
- Funds mainly used to financing PAC projects and the PSI

Flows of Funds

R\$ billion

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	1H18	Total
Fundraising (F)	22.5	105.0	104.8	50.2	55.0	41.0	60.0	-	-	-	-	438.5
Prepayments (P)	-	-	-	-	-	-	-	15.8	113.2	50.0	60.1	239.1
											(P/F)	54.5 %

Funding // Debentures

BNDESPAR, a BNDES' subsidiary, has been issuing debentures in the Brazilian market through public placements since 1998.

In the last years, BNDESPAR has issued simple debentures totaling R\$ 7.175 billion as described below:

Year	Amount (R\$ million)	Maturity	Coupon	Moody's
2006	600	2012	IPCA + 6%	Aaa.br
2007	500	2011	11.2%	Aaa.br
2007	800	2013	IPCA + 6.8%	Aaa.br
2009	640	2013	12.7%	Aaa.br
2009	610	2015	IPCA + 7.1%	Aaa.br
2010	500	2014	12.5%	Aaa.br
2010	1,000	2014	DI + 0.3%	Aaa.br
2010	525	2017	IPCA + 6.3%	Aaa.br
2012	409	2016	11.2%	Aaa.br
2012	302	2016	TJ3 + 0.55%	Aaa.br
2012	1,289	2019	IPCA + 5.4%	Aaa.br



R\$ 1.9 billion on June 30, 2018
(0.2% of BNDES' capital structure)

Funding // Last International Bond Issuances

BNDES has been issuing bonds in the international market since 1972 and, in 2017, it issued its first green bonds.

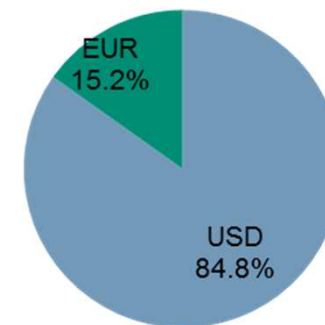
LAST INTERNATIONAL BONDS ISSUANCES

Year	Amount (million)	Maturity	Coupon	S&P	Moody's
1998-2008	US\$ 1,000	June/18	6.369%	BBB-	Baa3
2009	US\$ 1,000	June/19	6.500%	BBB-	Baa3
2010	US\$ 1,000	July/20	5.500%	BBB-	Baa2
2010	EUR 750	Sept/17	4.125%	BBB-	Baa2
2011	CHF 200	Dec/16	2.750%	BBB-	Baa1
2013	US\$ 1,250	Sept/16	3.375%	BBB	Baa2
2013	US\$ 1,250	Sept/23	5.750%	BBB	Baa2
2014	EUR 650	Jan/19	3.625%	BBB	Baa2
2014	US\$ 1,000	Apr/19	4.000%	BBB-	Baa2
2014	US\$ 500 (Retap 2023)	Sept/23	5.750%	BBB-	Baa2
2017	US\$ 1,000	May/24	4.750%	BB	Ba2

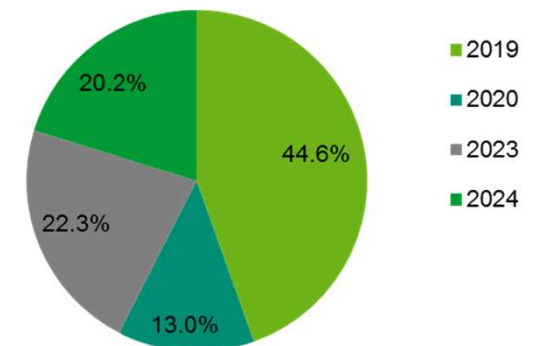
As of June 30, 2018

R\$ 19.3 billion (2.3% of BNDES' capital structure)

Per Currency



Per Maturity



Funding // Green Bonds

US\$ 1,0 billion in
2017

Solar and wind
projects

Maturity
2024

Annual Report
on the Allocation
of Net Proceeds

Coupon
4.75%



GREEN BONDS AWARDS

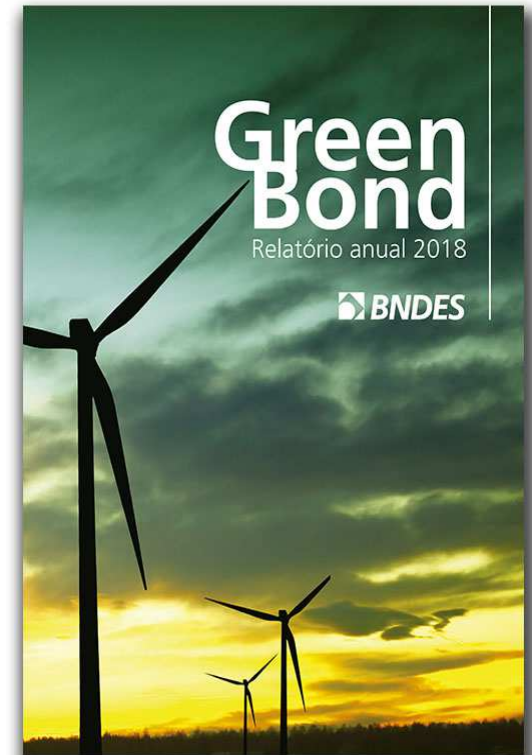


GlobalCapital

Sustainable and Responsible Capital
Markets Awards 2017

Latin American Green/SRI Bond Deal of the
Year

#3 BNDES



Funding // International Institutions

Since 1953, BNDES has been raising resources from international institutions such as BID, World Bank, KfW, JBIC, among others.

These resources are usually aimed to specific sectors or business activity and must comply with certain conditions established by the lender institutions.

The main advantages of this fundraising are its low and stable cost, its longer maturity than the market resources ones, and its anticyclical characteristic.

As of June 30, 2018, these resources amounted R\$ 23.4 billion (2.8% of BNDES' capital structure)



**99.4%
denominated in
US\$ dollars**



**94.6 %
interest rate up to
5% p.y.**



**10.9 years
average maturity**

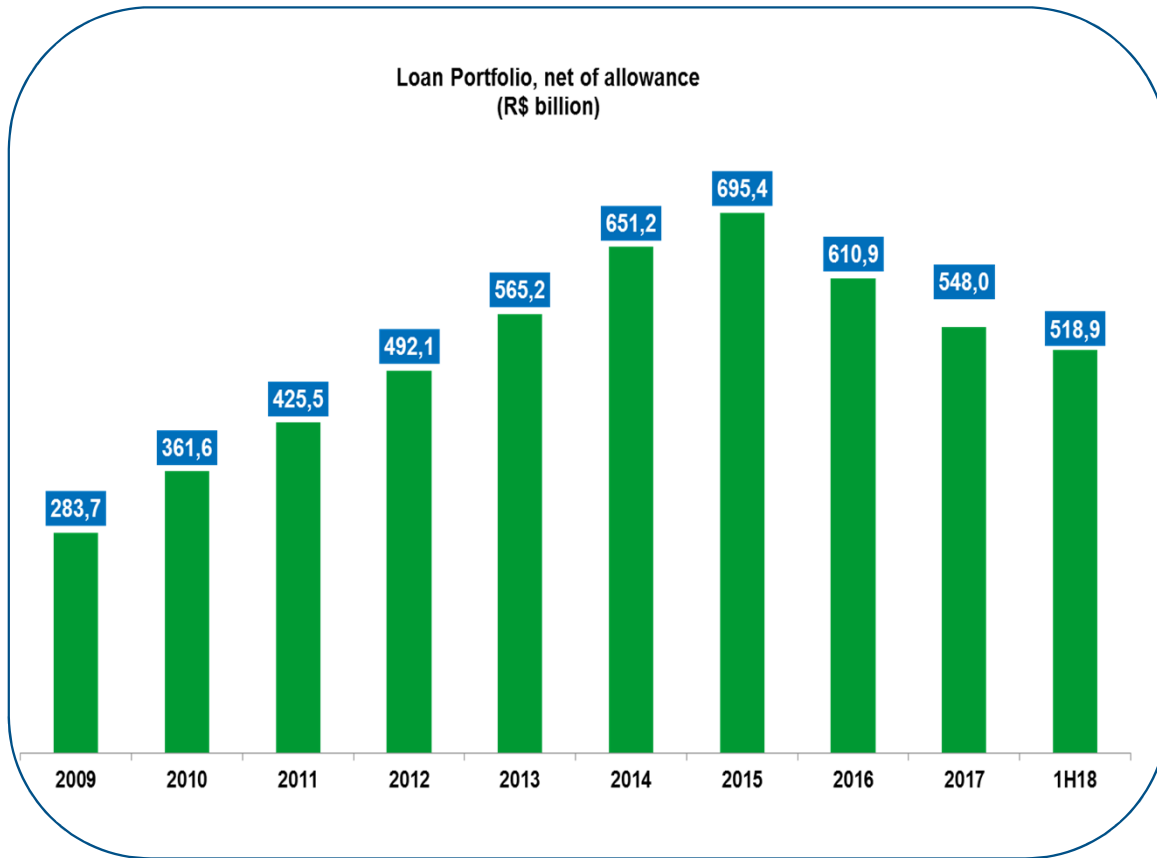
Funding // Foreign Institutions

Lender	Number of Loans	US\$ Million	First Loan	Last Loan	Purpose
IBRD - Intl Bank for Reconstruction and Development / World Bank	18	1.619	1953	1992	Infrastructure, Small and Medium-sized Companies, Environmental Projects
USA Eximbank	6	43	1957	1971	Imported Equipment
JBIC - Japan Bank for International Cooperation	17	3.147	1962	2015	Productive Investments and Imported Equipment, Export-oriented Brazilian companies, Climate Change Mitigation Projects
IABD - Inter-American Development Bank	22	8.963	1964	2017	Infrastructure, Productive Investments, SMEs
KFW - Kreditanstalt für Wiederaufbau (Germany)	15	1.215	1965	2017	Small and Medium-Sized Companies, Infrastructure, Renewable Energy and Urban Mobility
Industrial Development Corporation (South Africa)	1	5	1969	1969	Imported Equipment
Export Credits Guarantee Department (England)	1	30	1976	1976	Imported Equipment
Eksportfinans ASA (Norway)	1	12	1978	1978	Imported Equipment
Skandinaviska Enskilda Banken (Sweden)	1	15	1980	1980	Imported Equipment
Nordic Investment Bank	4	320	2002	2015	Mutual Interest Projects
China Development Bank	1	750	2007	2007	Infrastructure Projects
European Investment Bank	1	666	2011	2011	Climate Change Mitigation Projects
AFD - Agence Française de Développement	1	206	2014	2014	Climate Change Mitigation Projects, Renewable Energy and Energy Efficiency
SEK - Aktiebolaget Svensk Exportkredit	1	100	2014	2014	Projects of Mutual Interest
ICO - El Instituto de Crédito Oficial	1	228	2015	2015	Projects of Mutual Interest
New Development Bank	1	300	2017	2017	Renewable energy

Investments

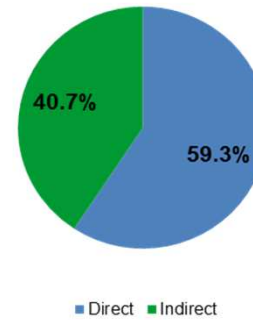


Investments // Loan Portfolio

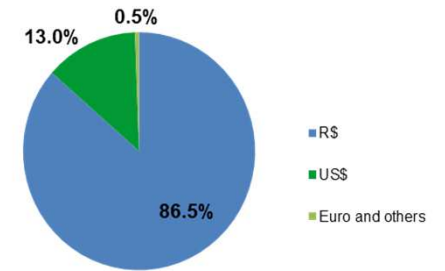


As of June 30, 2018

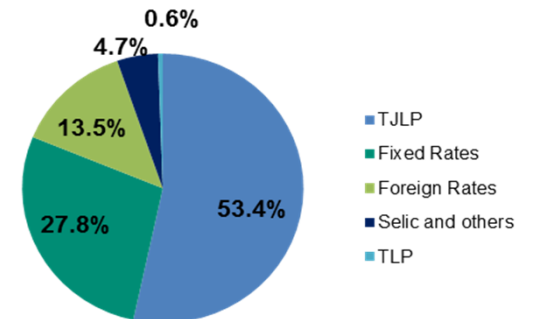
Operation



Currency



Interest Rate

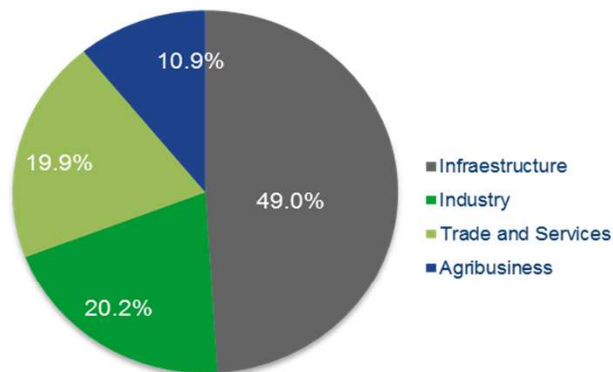


Represents 62.2% of total assets

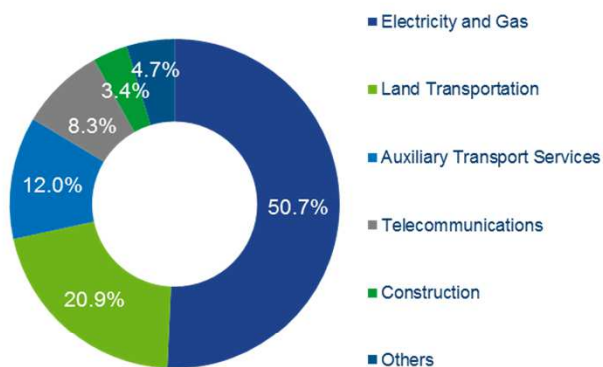
Investments // Loan Portfolio per Sector

As of June 30, 2018

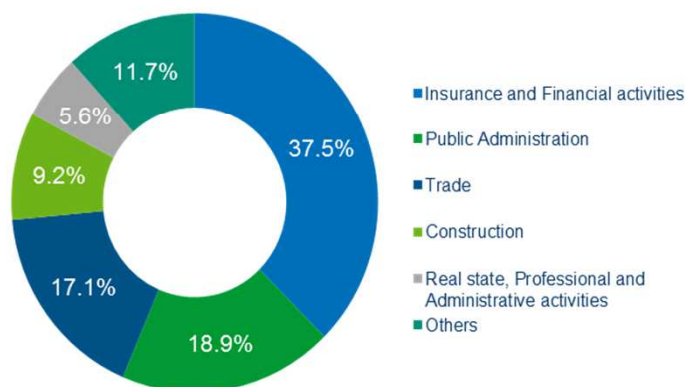
Distribution per Sector



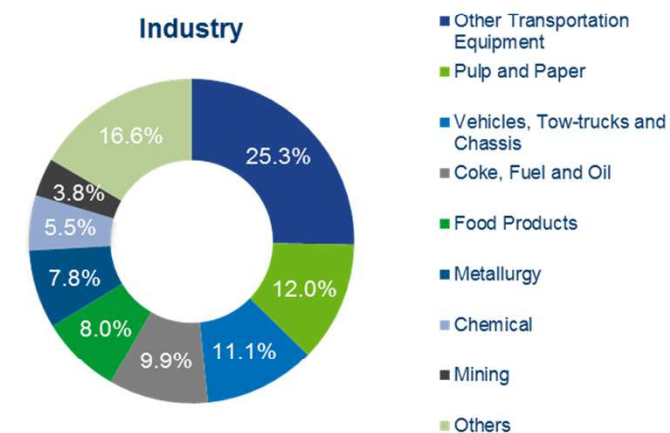
Infraestructure



Trade and Services



Industry



Investments // Quality of Loan Portfolio

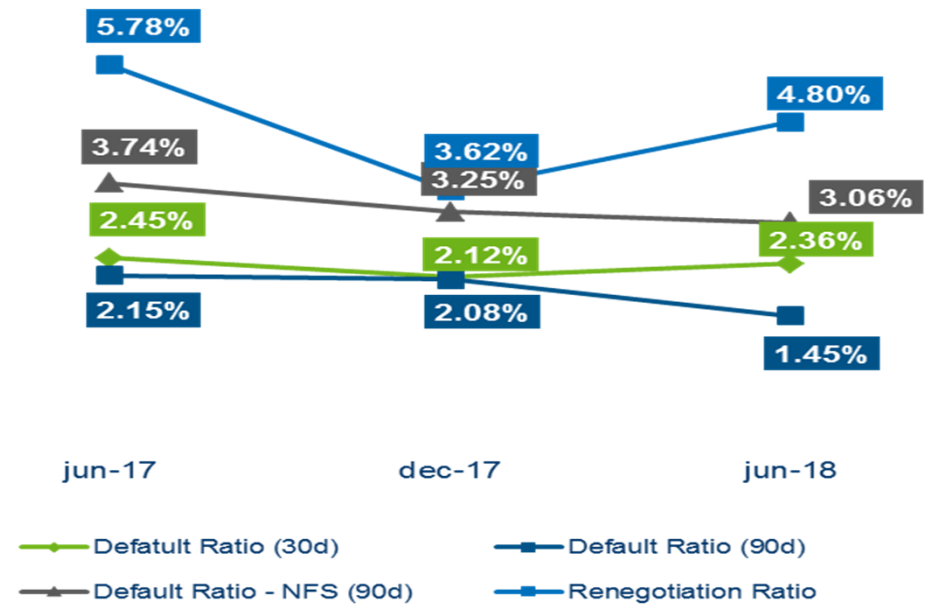
As of June 30, 2018

RATING ¹	BNDES GROUP	NFS ²
AA-C	95.7	90.2%
D-G	3.9%	6.7%
H	0.4%	3.1%

¹ According to National Monetary Council Resolution nº 2,682/99.

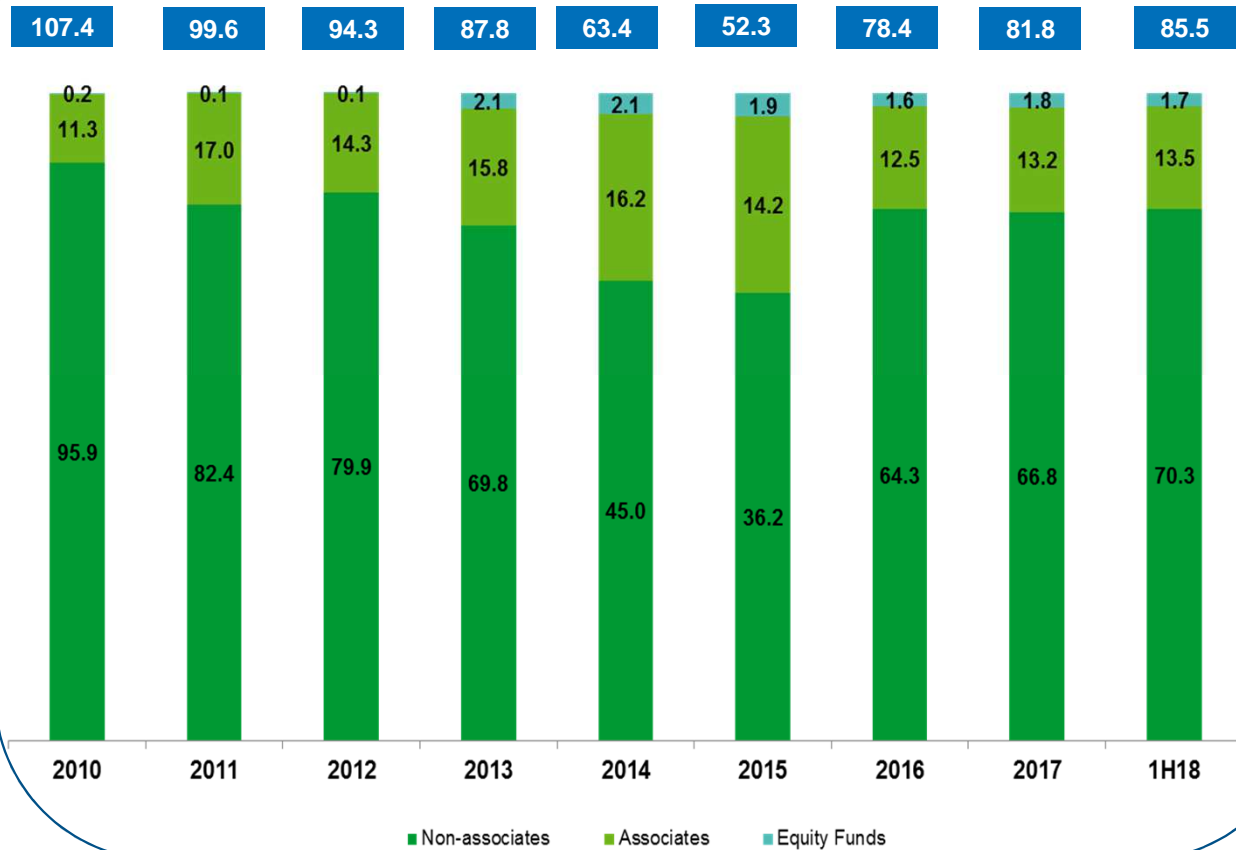
² National Financial System. Last data available as of 03/31/2018.

Default and Renegotiation Rates



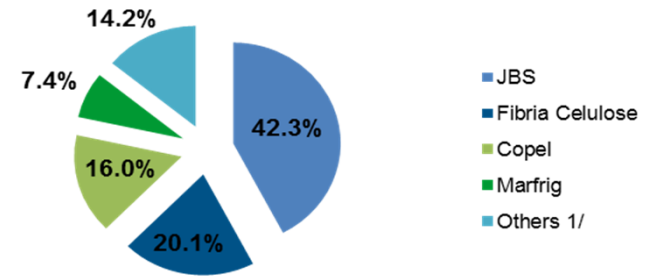
Investments // Equity Investments

Equity Investments
(R\$ billion)



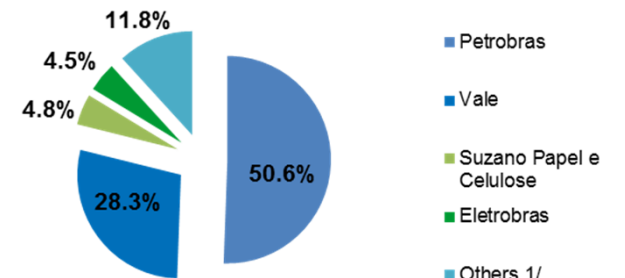
Associates Portfolio – Equity Method

R\$ 13.5 billion



Non-associates Portfolio – Market Value

R\$ 70.3 billion



^{1/} Also includes investments in unlisted companies.

*Net of allowance

Investments // Equity Investments

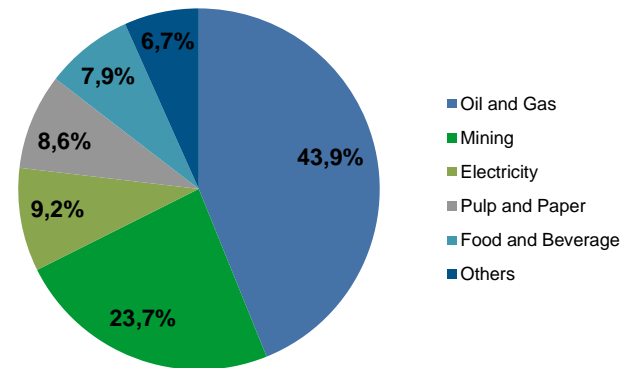
Developing the Brazilian capital markets...

8 of **16** currently listed companies in the **Bovespa Mais**, a segment of the Brazilian stock exchange envisaged for companies that want gradual access to the formal market with purposes to foster growth among small and midsize companies via the capital market, have received financial support of BNDESPAR, directly or through equity funds.



Equity investments in numbers (June 30, 2018)*

Portfolio:
95 companies



* Include only direct investments (investments in associated and non-associated companies).

Investments // Amazon Fund

BNDES is the official manager of the Amazon Fund, an initiative of the Brazilian Federal Government created to raise donations for non-reimbursable investments in efforts to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable use in the Brazilian Amazon.




Financial resources	
Donors	Donations received
Norway's government	US\$ 1.14 billion
Federal Republic of Germany (KfW)	US\$ 68.1 million
Petrobras (Brazil)	US\$ 7.71 million
Total	US\$ 1.218 billion

(*) As of June 30, 2018.

Investments // Amazon Fund

BNDES is in charge of all phases of the projects analysis and the selected projects receive non-reimbursable financial support.

Portfolio Breakdown		
Status	Number of projects	Financial resources
Approved	100	R\$ 1.78 billion



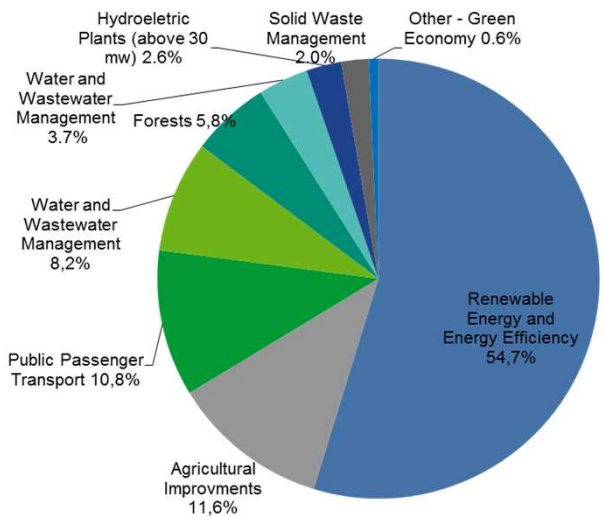
Executors	Third sector	56
	States	21
	Federal Government	9
	Municipalities	7
	Universities	6
	International	1

(*) As of June 30, 2018.

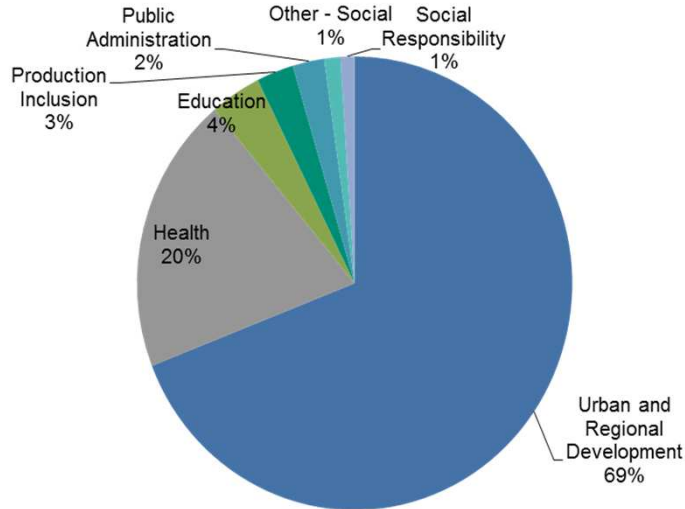
For more information: www.amazonfund.gov.br

Investments // Commitment to sustainable development

Disbursements to Green Economy Projects in 1H18 per sector



Disbursements to Social Development Projects in 1H18 per sector



Disbursements 2014-1H18 (R\$ billion)

2014	2015	2016	2017	1H18
28.2	31.3	14.5	14.7	3.8

2014	2015	2016	2017	1H18
25.9	18.6	9.7	6.5	3.1



Culture



- ▶ Brazilian movie industry
- ▶ Restoration of historical buildings
- ▶ Preservation of collections (audiovisual, archives etc.)
- ▶ Support to the Brazilian Symphony Orchestra

Events



- ▶ Sponsorship of cultural events
- ▶ Live music performances at the BNDES Auditorium
- ▶ Exhibitions at the BNDES Art Gallery

Sports



- ▶ Focus on canoeing and paracanoeing

Key Financial Figures



Key Financial Figures // Financial Statements

R\$ million

	Dec/2015	Dec/2016	Dec/2017	1H18
Total Assets	930.576	876.137	867.517	834.461
Disbursements	135.942	88.257	70.751	27.757
Net Income	6.199	6.392	6.183	4.760
Shareholder's Equity	30.993	55.176	62.836	71.487
Return on Average Equity (%)	15,37	14,78	12,97	18,27
Return on Average Assets (%)	0,67	0,71	0,72	1,15
BIS Ratio (%)	14,7	21,7	27,5	29,00
Non-Performing Loan Ratio – 30 days (%)	0,06	2,81	2,12	2,36

Key Financial Figures // Financial Statements

R\$ Million

	Dec/2015	%	Dec/2016	%	Dec/2017	%	1H18	%
Cash	35,403	3.8	54,771	6.3	112,549	13.0	103,602	12.4
Securities	105,052	11.3	93,368	10.7	85,976	9.9	88,398	10.6
Loans	695,378	74.7	610,917	69.7	548,037	63.2	518,930	62.2
Equity Investments	52,388	5.6	78,389	8.9	81,814	9.4	85,643	10.3
Others	42,355	4.6	38,692	4.4	39,141	4.5	37,888	4.5
Total Assets	930,576	100	876,137	100	867,517	100	834,461	100

Key Financial Figures // Financial Statements

R\$ million

	Dec/2015	%	Dec/2016	%	Dec/2017	%	1H18	%
National Treasury	523,737	56.3	439,763	50.2	415,988	48.0	367,721	44.1
FAT/PIS-PASEP	254,397	27.3	267,701	30.6	277,949	32.0	281,514	33.7
International Borrowings	56,542	6.1	39,612	4.5	39,857	4.6	42,707	5.1
Financial Bills	0	0.0	0	0	0	0	1,711	0.2
Others	64,907	7.0	73,885	8.4	70,887	8.1	69,321	8.3
Shareholders' Equity	30,993	3.3	55,176	6.3	62,836	7.3	71,487	8.6
Total	930,576	100.0	876,137	100.0	867,517	100.0	834,461	100

Key Financial Figures // Financial Statements

R\$ million

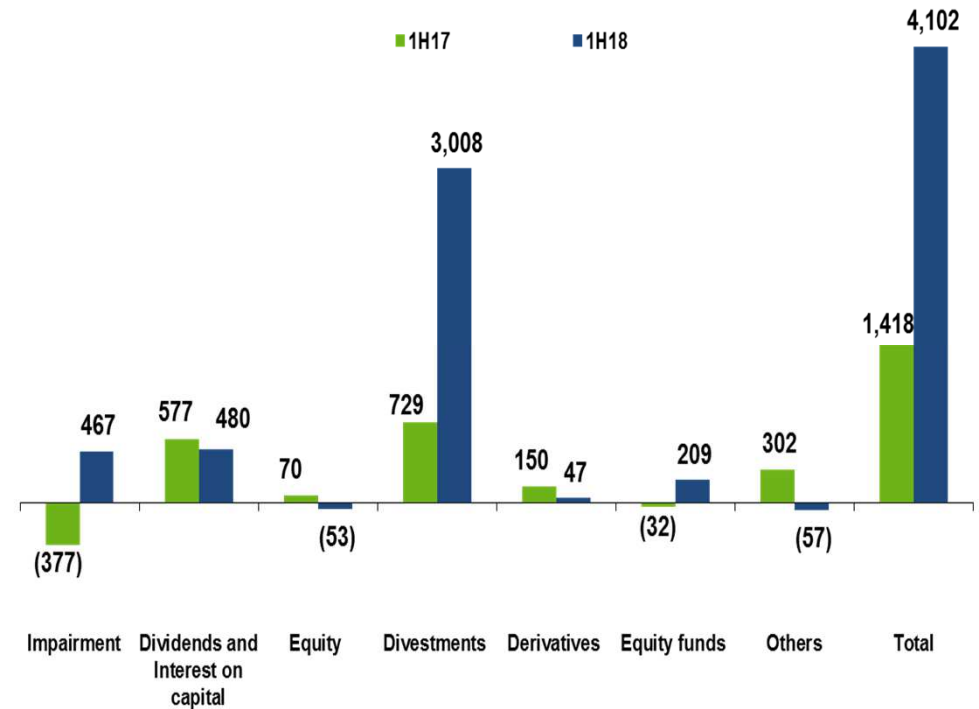
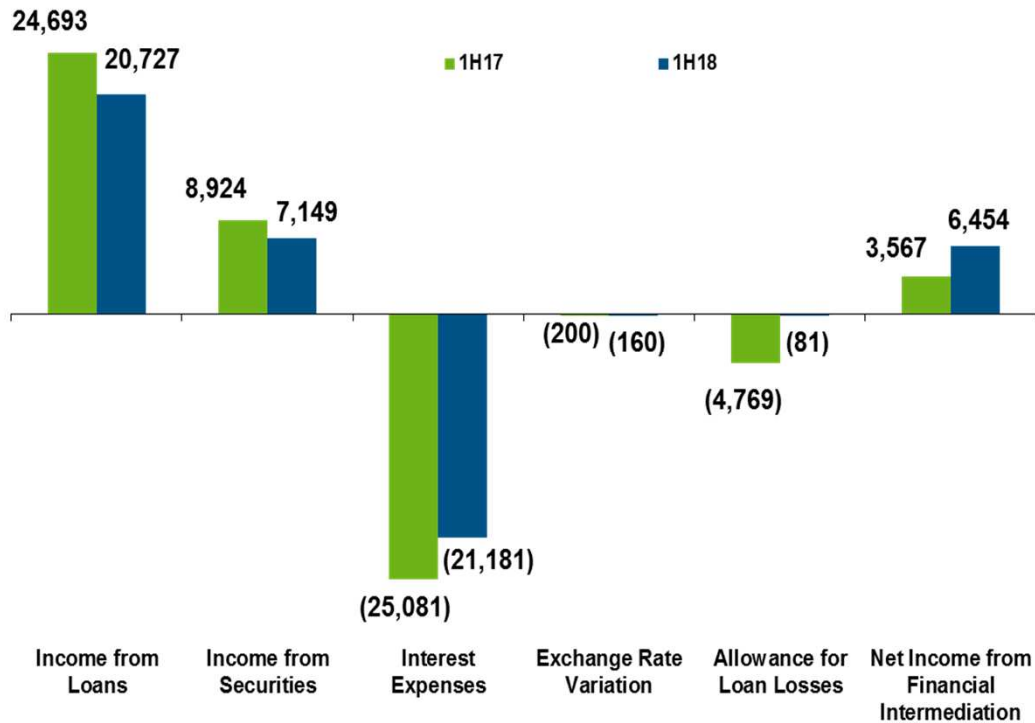
	Dec/2015	Dec/2016	Dec/2017	1H18
Revenue from Loans	53,877	56,950	47,811	20,727
Revenue from Securities	13,726	26,285	17,273	7,149
(-) Expense from financial intermediation	-47,115	-59,815	-49,441	-21,181
(+/-) Exchange rate variation, net	-328	2,427	-674	-160
= Gross Income from Financial Intermediation	20,160	25,847	14,969	6,535
(+/-) Allowance for Losses, net of recovery	-1,468	-9,156	-6,702	-81
= Net Income from Financial Intermediation	18,692	16,691	8,267	6,454
Income from Equity Investments	-5,407	-3,431	5,130	4,101
(+/-) Other Expenses, net	-3,516	-4,258	-3,672	-1,429
= Income before Taxes	9,769	9,002	9,725	9,126
(-) Income Taxes and Profit Sharing	-3,570	-2,610	-3,542	-4,366
= Net Income	6,199	6,392	6,183	4,760

Key Financial Figures // Income from Financial Intermediat. and Equity Investments

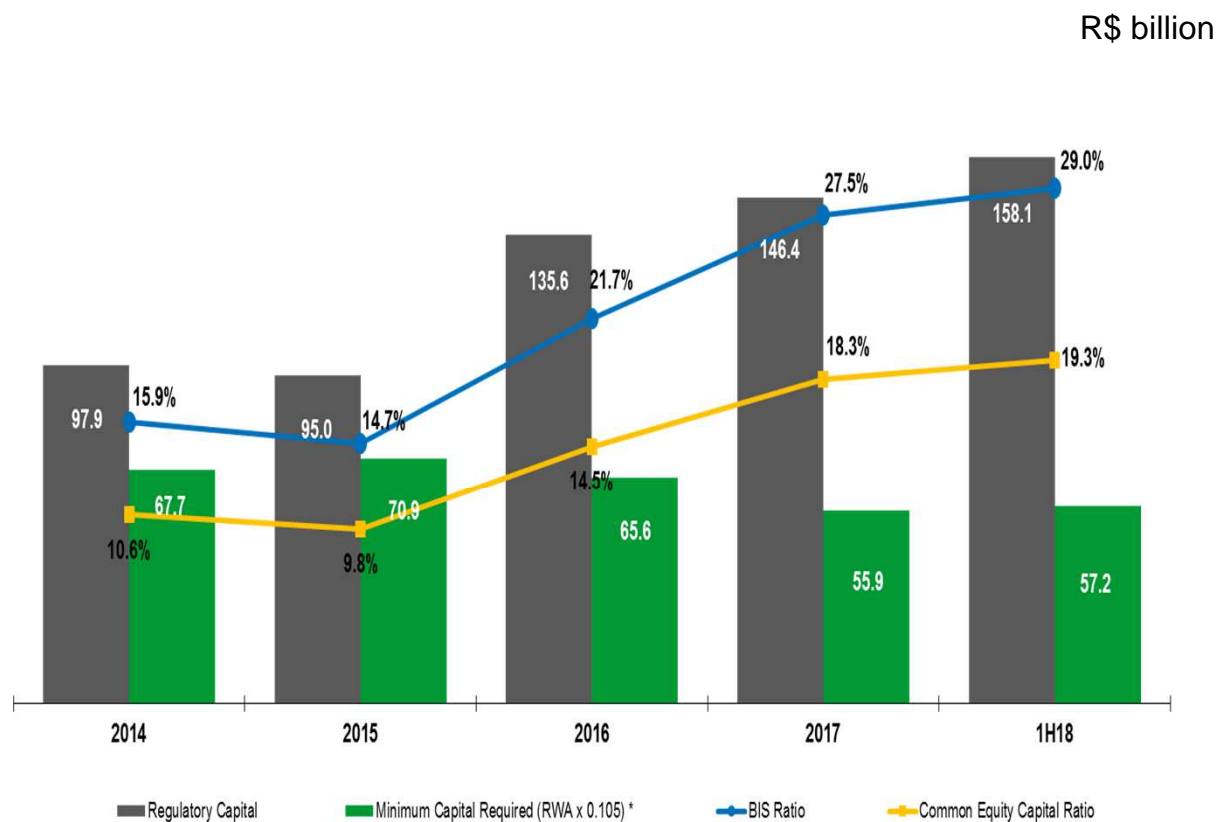
Financial Intermediation

Equity Investments

R\$ million



Key Financial Figures // Regulatory Ratios and Regulatory Capital



(*) The minimum capital requirement of Central Bank of Brazil was 11% until 2015. Since 2016 the new ratio decreased to 10.5%.

	1H17	1H18
Tier I Capital	84.4	105.4
Tier II Capital	42.2	52.7
Regulatory Capital	126.6	158.1
Credit Risk (RWA _{CPAD})	504	466.9
Market Risk (RWA _{MPAD})	17.1	40.3
Operating Risk (RWA _{OPAD})	35.4	37.7
Risk-Weighted Assets (RWA)	556.5	545.0

Contact

ri@bndes.gov.br

**SIGN UP HERE FOR OUR
NEWSLETTER SERVICE**



https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Investor_Relations/Newsletter_Contact/index.html

