

Investor Presentation

December, 2019



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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

FINAME

Equity Participation

Production and acquisition of Brazilian machinery and equipment



2,643 employees (December, 2019)

Overview // Strategic Guidelines

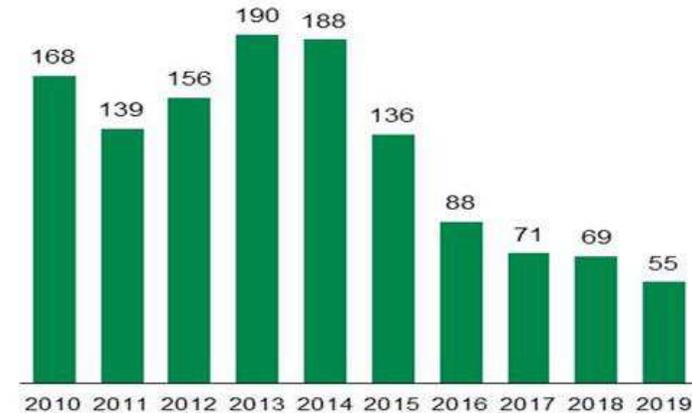
| | | | | | | | | |
|--------------------------------|--|--|--|---|---|--|---|---|
| Missions |  Infrastructure |  Productive Structure |  Education, Health and Safety |  Technological Difusion and Innovation |  Capital and Credit Market |  Sustainability |  State Modernization and Territorial Development |  Privatization |
| Processes and Financial |  Portfolio |  Risk Management |  Asset and Liability Management |  Streamlining of processes and standards |  Partnerships | | | |
| Non-financial Resources |  IT | | | |  People | | | |

Overview // Annual Disbursements

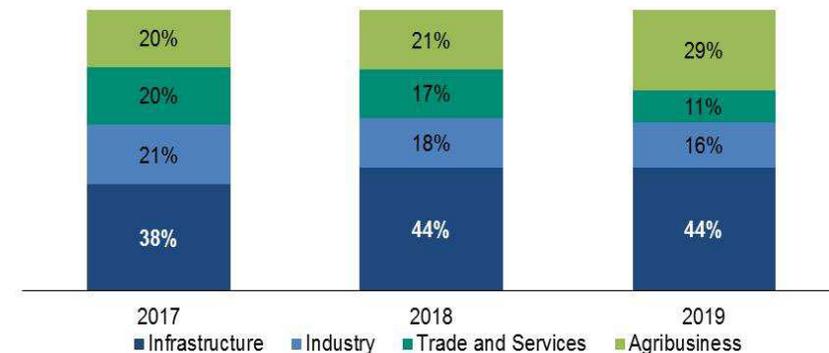
BNDES loan financing platform

- 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 2019, 52.4% of the disbursements were indirect operations.

Disbursements (R\$ billion)

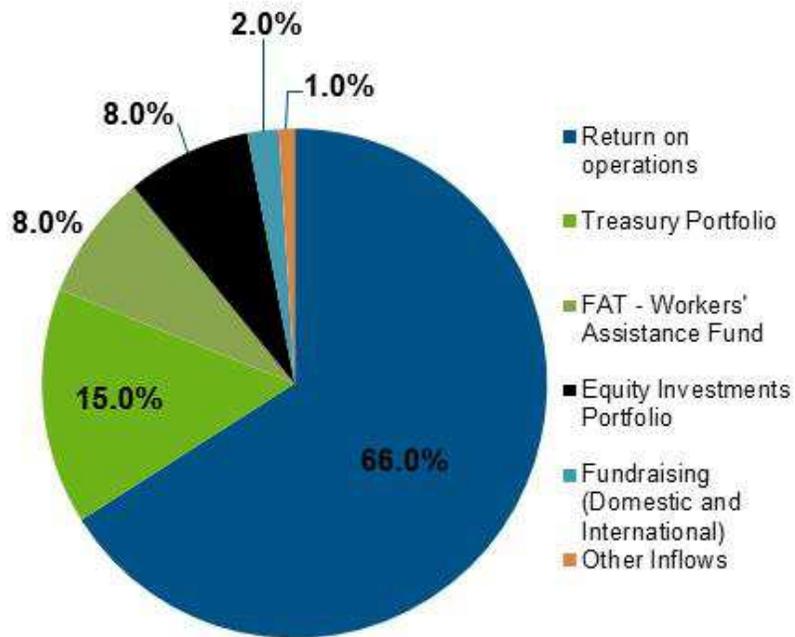


Disbursements by economic sector

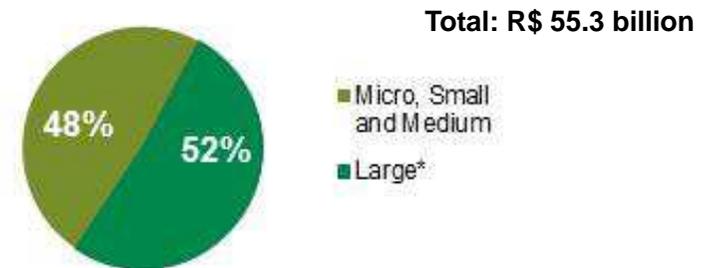


Overview // Cash Flow per Source as of Funds and Wide Range of Clients

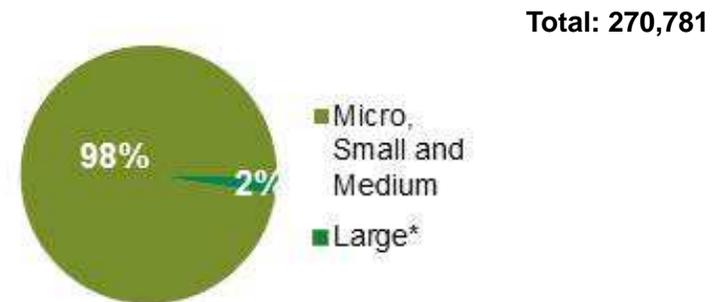
Cash Flow per Source fo Funds in 2019



Disbursements by Company Size (2019)



Number of Transactions by Company Size (2019)



* 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- | Positive | BB- | Positive | Br AAA | Positive |
| Moody's | Ba2 | Stable | Ba2 | Stable | Aa1.br | Stable |

* Long-term rating.

In December of 2019, S&P upgraded the outlook of 15 Brazilian financial institutions or that operates in Brazil from "neutral" to "positive", including BNDES, whose classification is aligned with Brazilian sovereign.

- 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).
- 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 providing the necessary resources for the eventual residual settlement of its debts.

Overview // International Cooperation

Cooperation

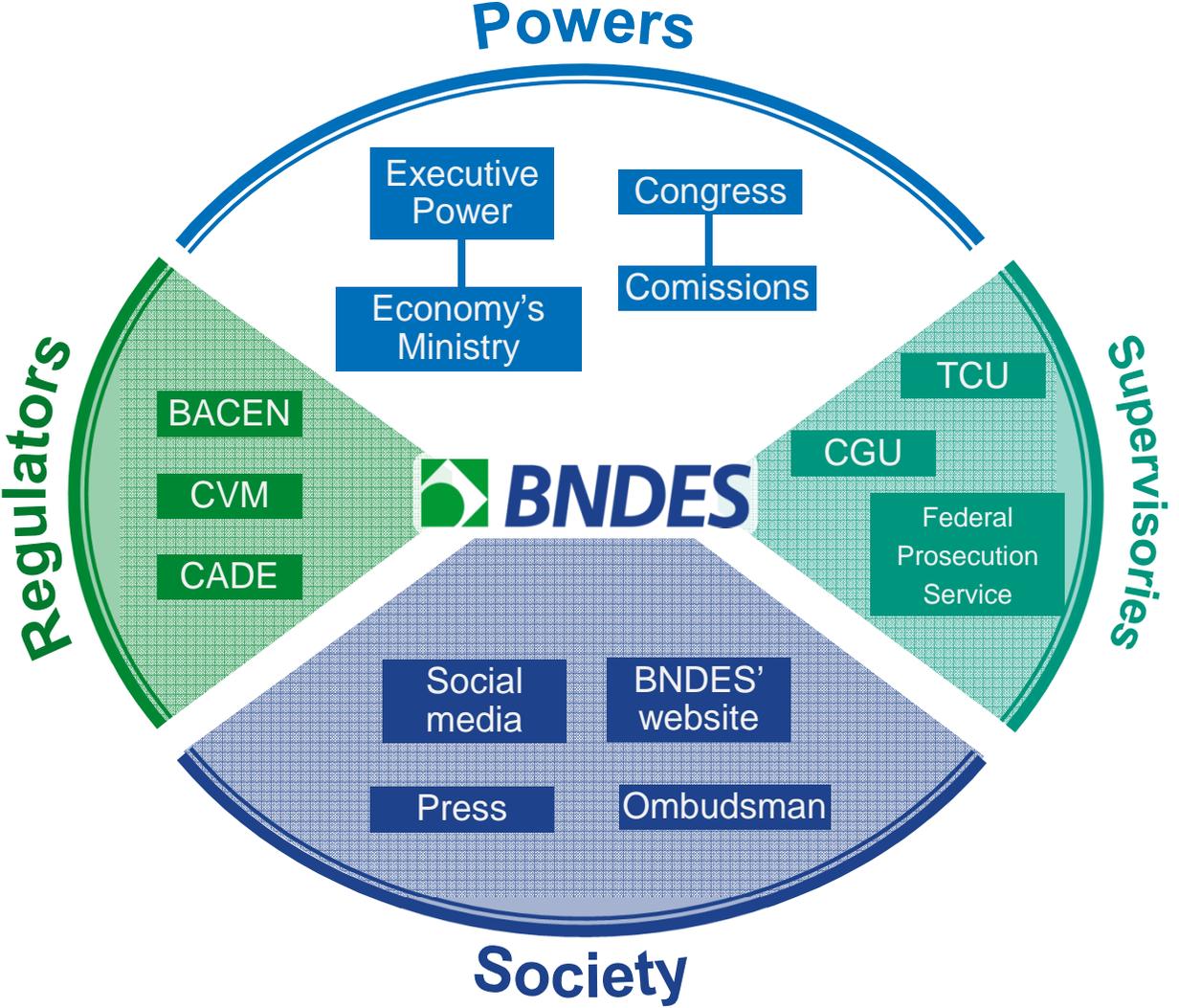


Memberships

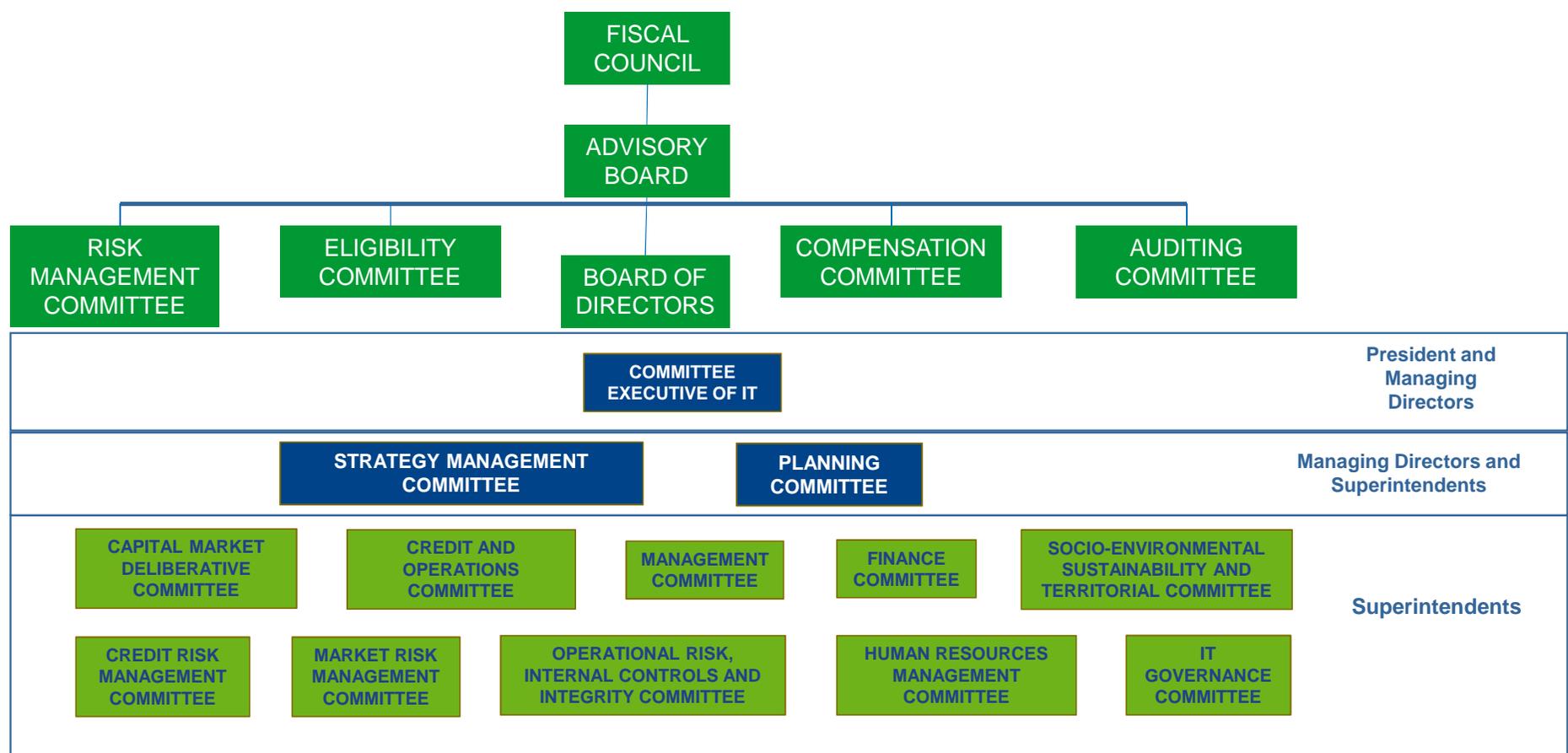


Corporate Governance





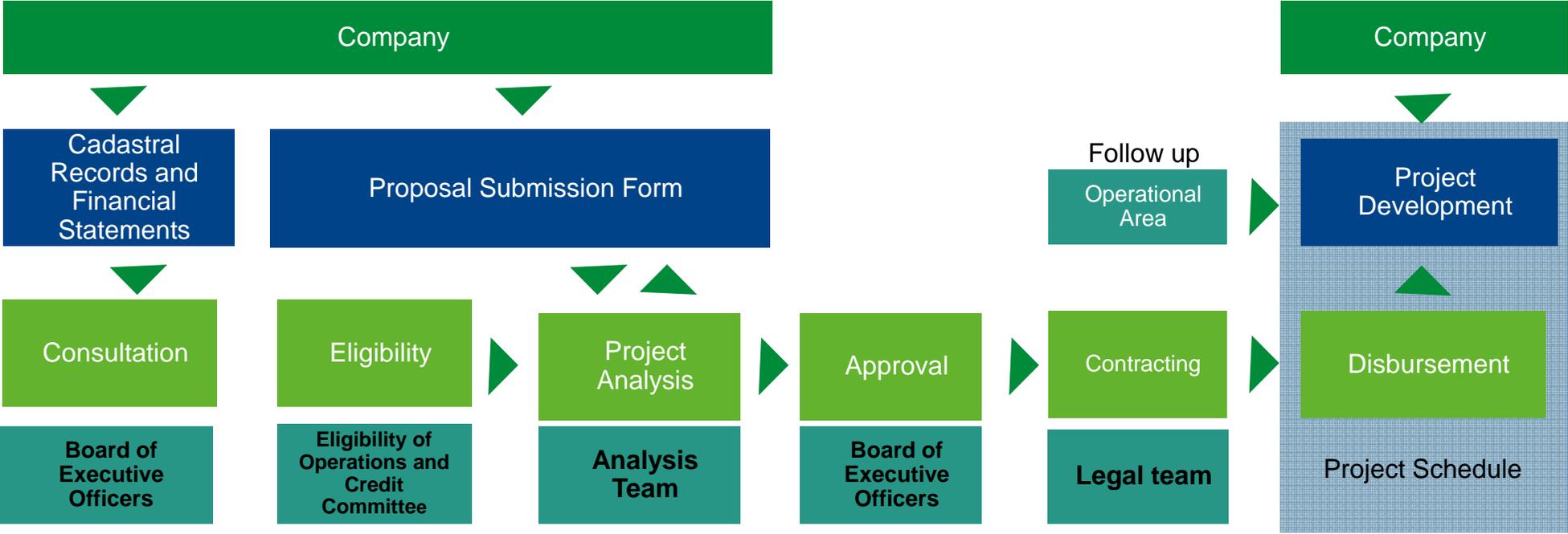
Corporate Governance // Major structure



Corporate Governance// BNDES' Project Evaluation Flow*

COLLEGIATE DECISION-MAKING

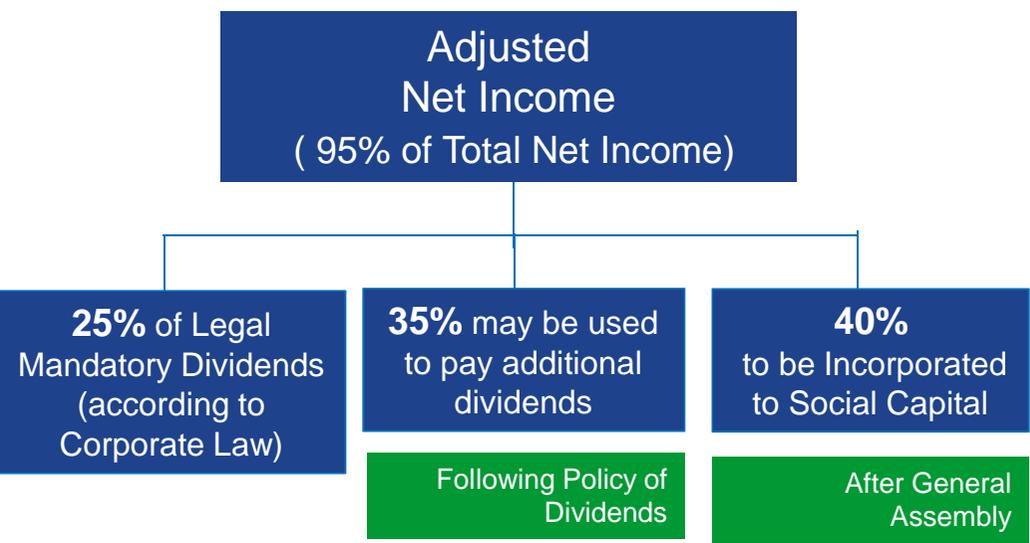
All requests of financial support to business projects submitted to BNDES depends on the approval of different corporate governance levels ensuring a high level of reliability concerning the internal procedures of credit analysis.



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

Corporate Governance// Dividends Policy

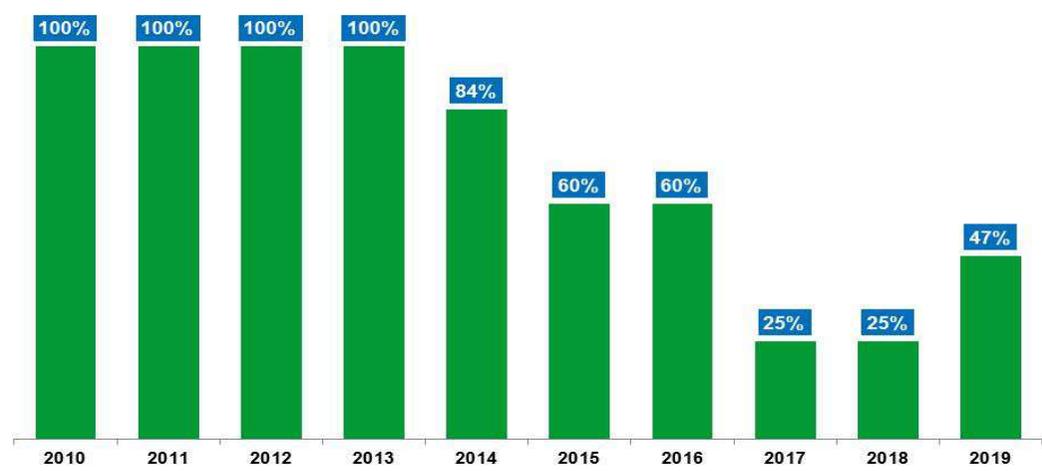
PAYMENT OF DIVIDENDS TO THE BRAZILIAN GOVERNMENT



Limited to 60% of the adjusted net income

% PAID DIVIDENDS/ADJUSTED NET INCOME*

* Net income for the year preceding payment



As authorized by BNDES' Board of Directors, payments were made regarding the anticipation of dividends 2019 profit on a total of R\$ 7.9 billions, R\$ 4.2 billion as legal mandatory dividends and R\$ 3.7 billion as additional dividends.

Corporate Governance// Transparency – Best Practices



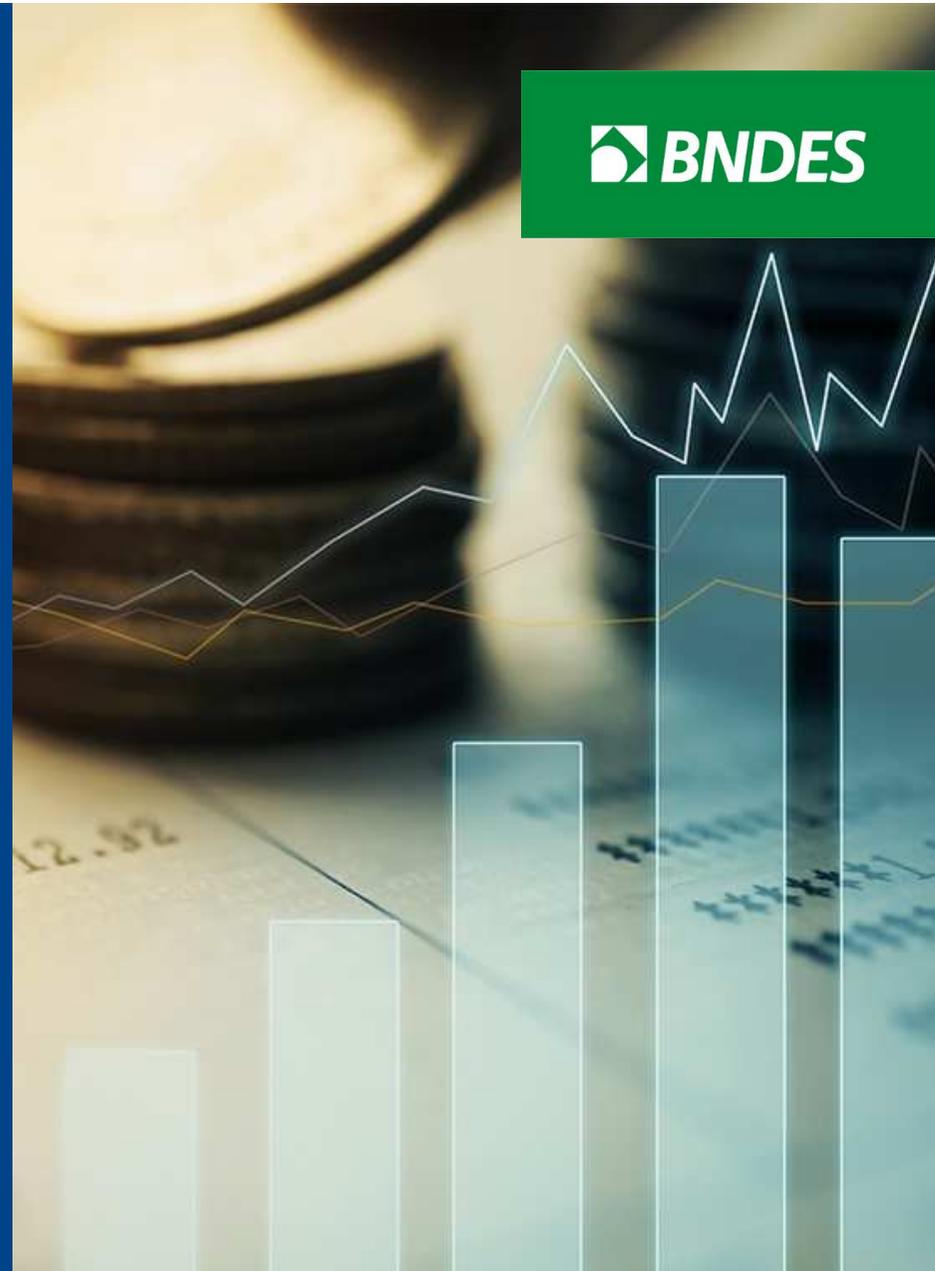
Transparency is one of the guiding principles for BNDES's activities and it is also a founding pillar of the relationship with all stakeholders, ensuring dialogue and engagement.



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.

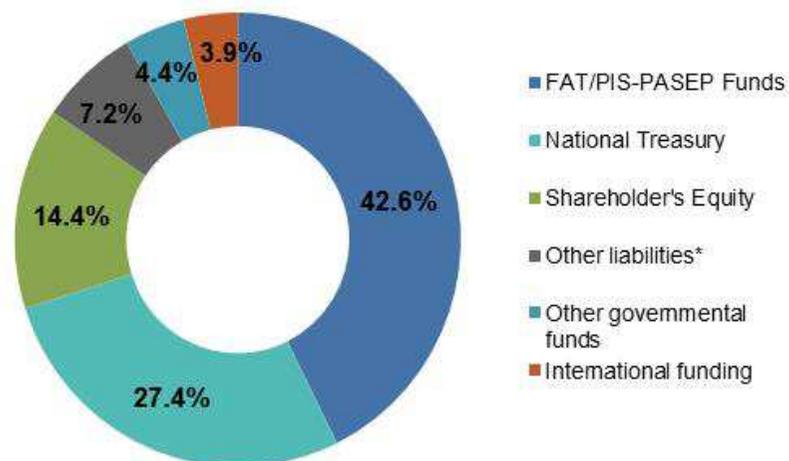
Funding



Funding // Highlights

BNDES raises funds mainly from the Brazilian government, its entities and funds, through borrowings from international institutions and funding operations in the domestic and international markets.

CAPITALIZATION ON DECEMBER 31, 2019



* Includes domestic market funding such as Financial Bills (0.3%).

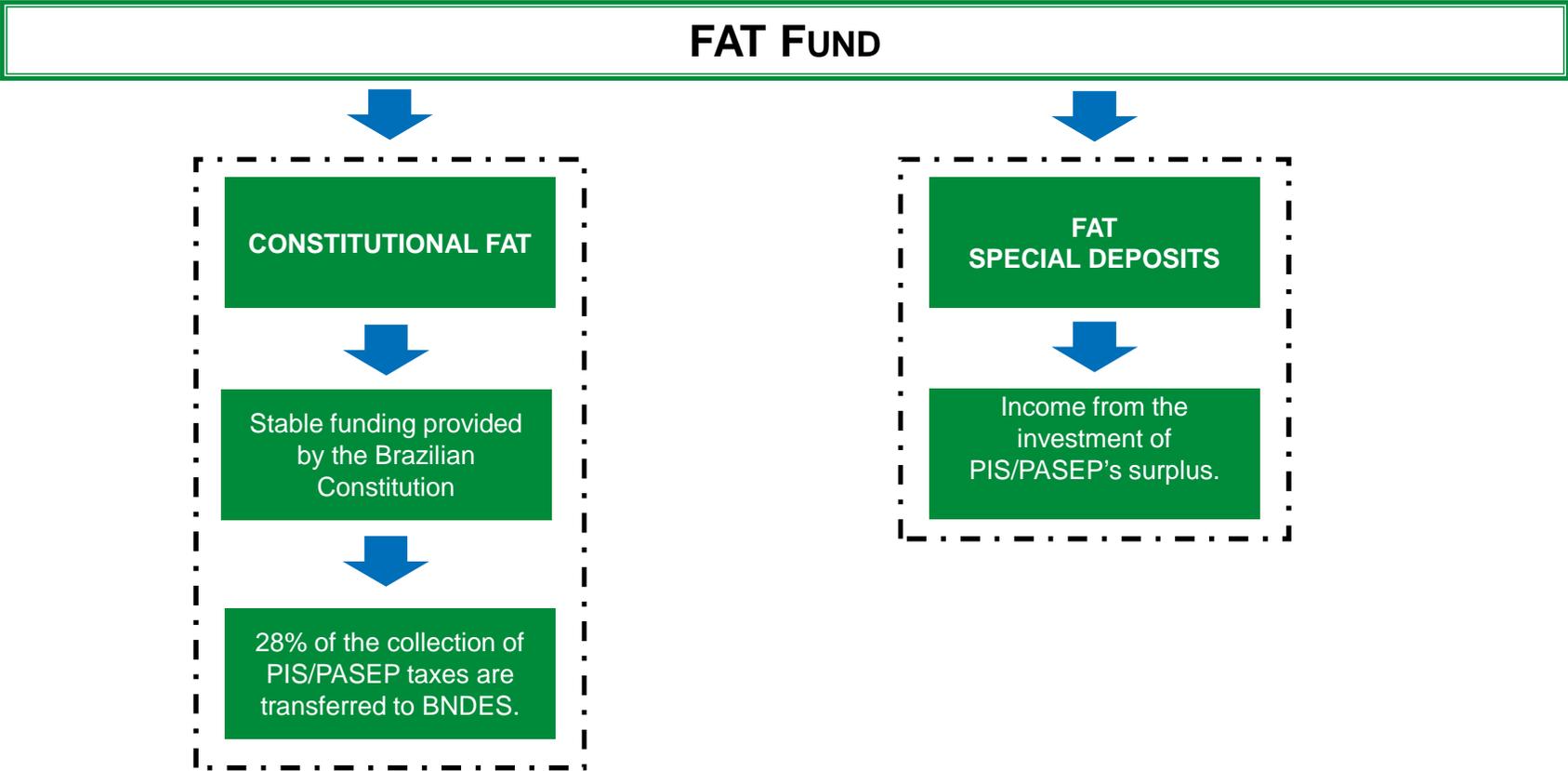
BNDES' SOURCE OF FUNDING AS OF

| Funding sources | R\$ million | | | | | |
|--------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| | 2017 | | 2018 | | 2019 | |
| FAT/PIS-PASEP Funds | 277,949 | 32.0% | 292,170 | 36.4% | 310,401 | 42.6% |
| National Treasury | 415,988 | 48.0% | 307,009 | 38.3% | 199,747 | 27.4% |
| Shareholder's Equity | 62,836 | 7.2% | 79,556 | 9.9% | 104,811 | 14.4% |
| Other liabilities | 40,623 | 4.7% | 52,126 | 6.5% | 52,639 | 7.2% |
| Other governmental funds | 30,264 | 3.5% | 32,943 | 4.1% | 31,807 | 4.4% |
| International funding | 39,857 | 4.6% | 38,723 | 4.8% | 28,761 | 3.9% |
| Total | 867,517 | 100% | 802,527 | 100% | 728,166 | 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 **39.9%** of the BNDES' capital structure on December 31, 2019.



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), subject to a schedule established by CMN Resolution N° 4,679 / 2018.
- Funds with no pre-defined allocation.
- Interest rate: For operations contracted until December 31, 2017, TJLP rate or LIBOR or U.S. Treasury rates. From January 1st, 2018 on, with the approval of Law n° 13,483/2017, TLP Rate or LIBOR or U.S. Treasury rates. If the resources have not been disbursed, they are remunerated at SELIC rate minus a rate established by the Ministry of Economy that cannot exceed 0.09%.
- There is no repayment of principal unless the FAT Fund is unable to cover the unemployment insurance and the applicable annual payments of one minimum wage for low-income workers who fulfill certain conditions established by the PIS/PASEP Fund. In this case, we may be asked to repay the principal according to the Article 7 of Law N° 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 programs previously established by the Ministry of Labor.
- Interest rate : Up until December 31, 2017, TJLP rate when the resources have already been disbursed. From January 1st , 2018 on, TLP rate when the resources have already been disbursed; if not, they are remunerated at SELIC rate minus a rate established by the Ministry of Economy that cannot exceed 0.09%.
- Pre-defined amortization schedule.

Funding // National Treasury

- Funding from BNDES' single shareholder
- Each transaction has its specific conditions, regarding cost and amortization schedule
- R\$ 199.7 billion on December 31, 2019 (27.4% of BNDES' capital structure), R\$ 36.8 billion are instruments eligible to common equity
- **73.6%** of the debt indexed to the TJLP rate on December 31, 2019
- Average maturity between 17 and 22 years
- Funds mainly used to financing PAC projects and the PSI

R\$ billion

| CASH FLOW | | 2008/14 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-------------|--|---------|------|-------|------|-------|-------|-------|
| Fundraising | | 438.5 | - | - | - | - | - | 438.5 |
| Prepayments | | - | 15.8 | 113.2 | 50.0 | 130.0 | 100.0 | 409.0 |
| | | | | | | | (P/F) | 93.3% |

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 |

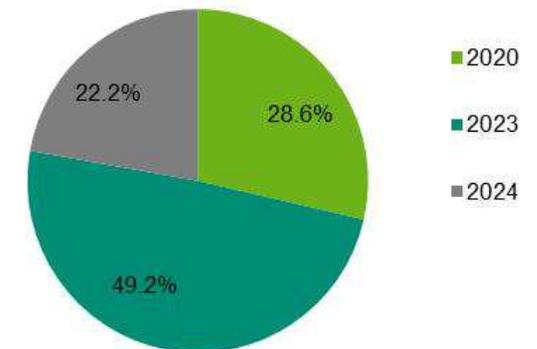
As of December 31, 2019

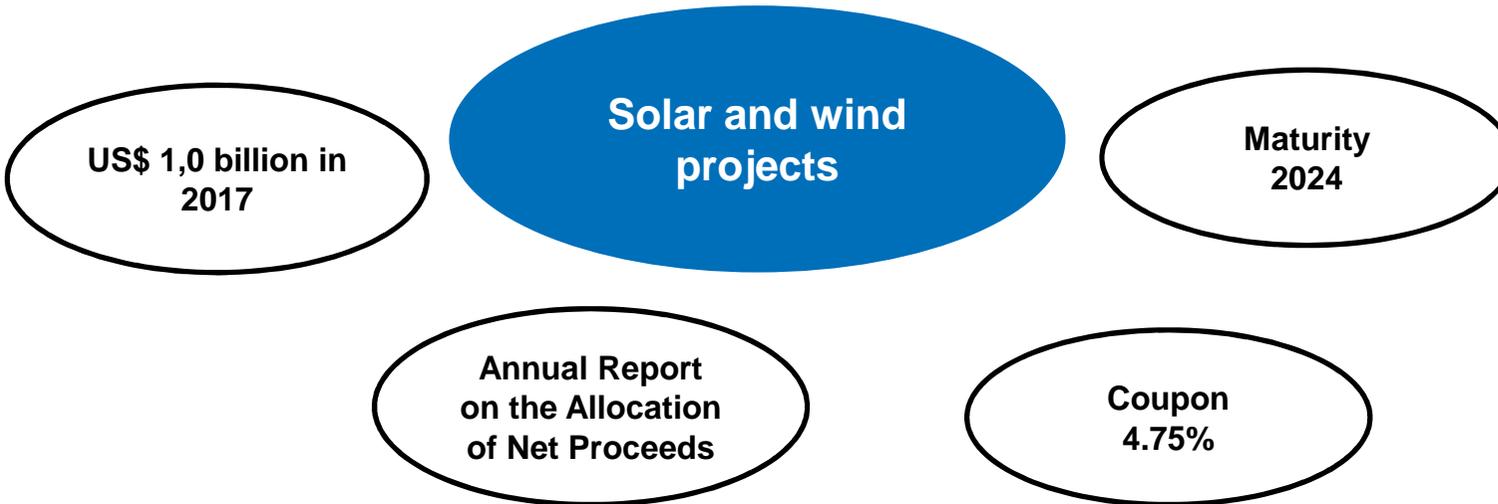
R\$ 9.2 billion (1.3% of BNDES' capital structure)

Per Currency



Per Maturity





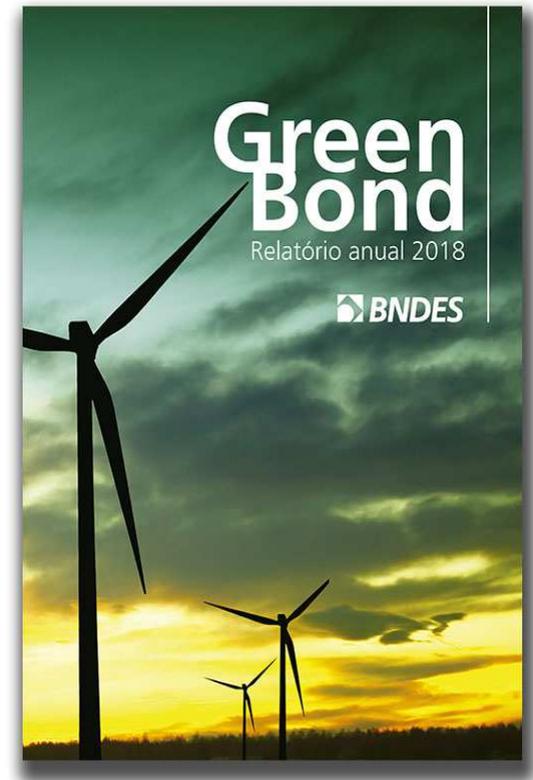
★ GREEN BONDS AWARDS ★

GlobalCapital

Sustainable and Responsible Capital
Markets Awards 2017

Latin American Green/SRI Bond Deal of the
Year

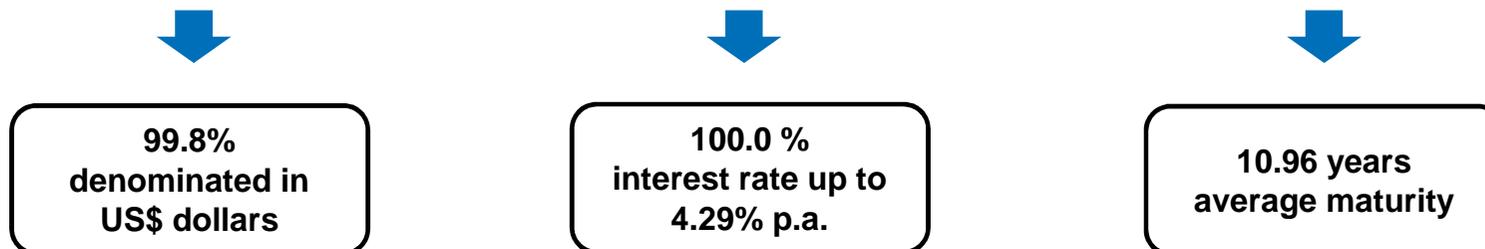
#3 BNDES



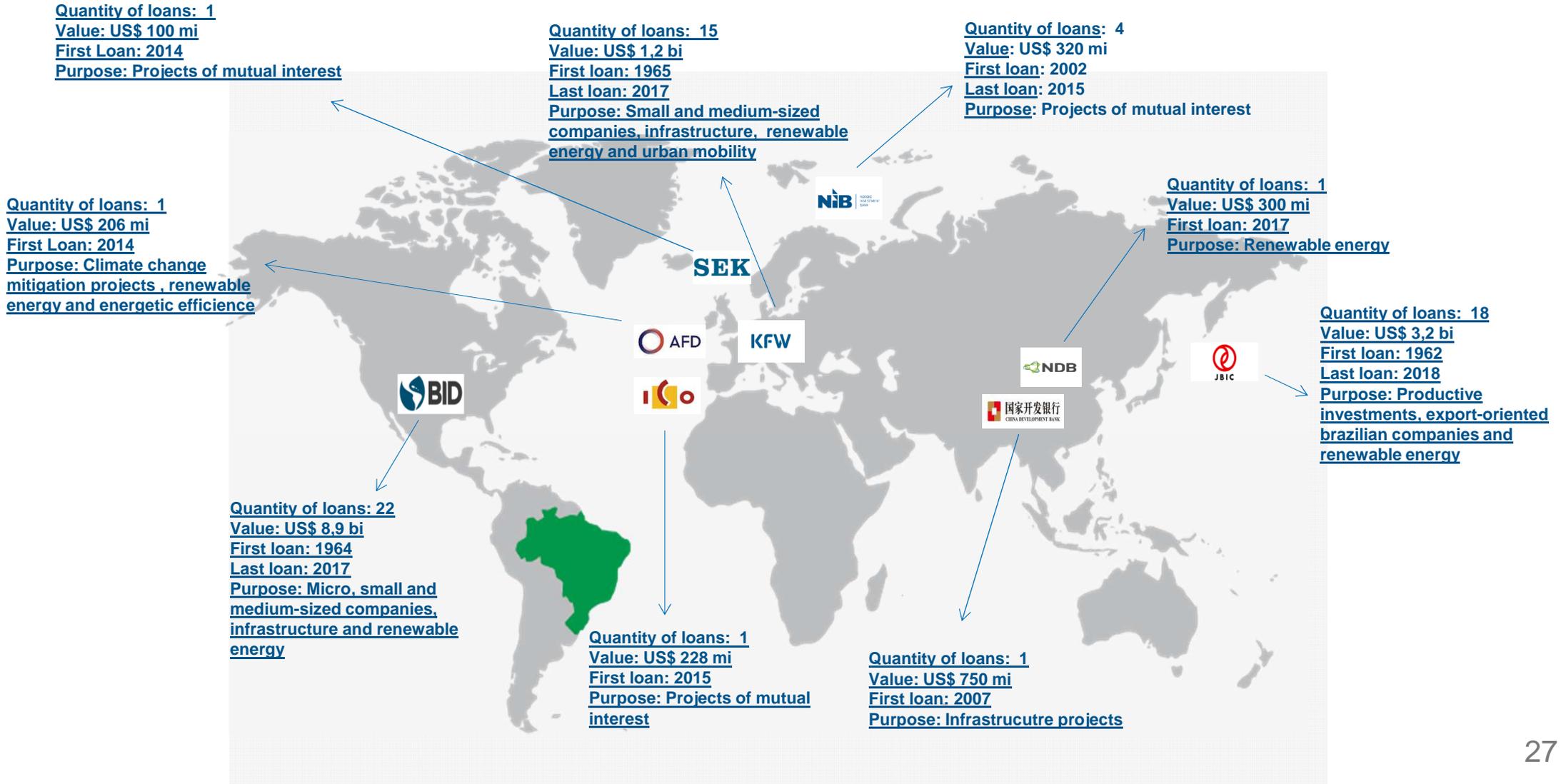
Funding // International Institutions

- 1953: BNDES begins raising resources from international institutions.
- Purpose: usually aimed to specific sectors or business activities and must comply with certain conditions established by the lender institutions.
- Main advantages over private markets fundraising:
 - ✓ stability
 - ✓ low cost
 - ✓ longer maturity
 - ✓ anticyclical characteristic

As of December 31, 2019, these resources amounted R\$ 19.6 billion (2.7% of BNDES' capital structure)



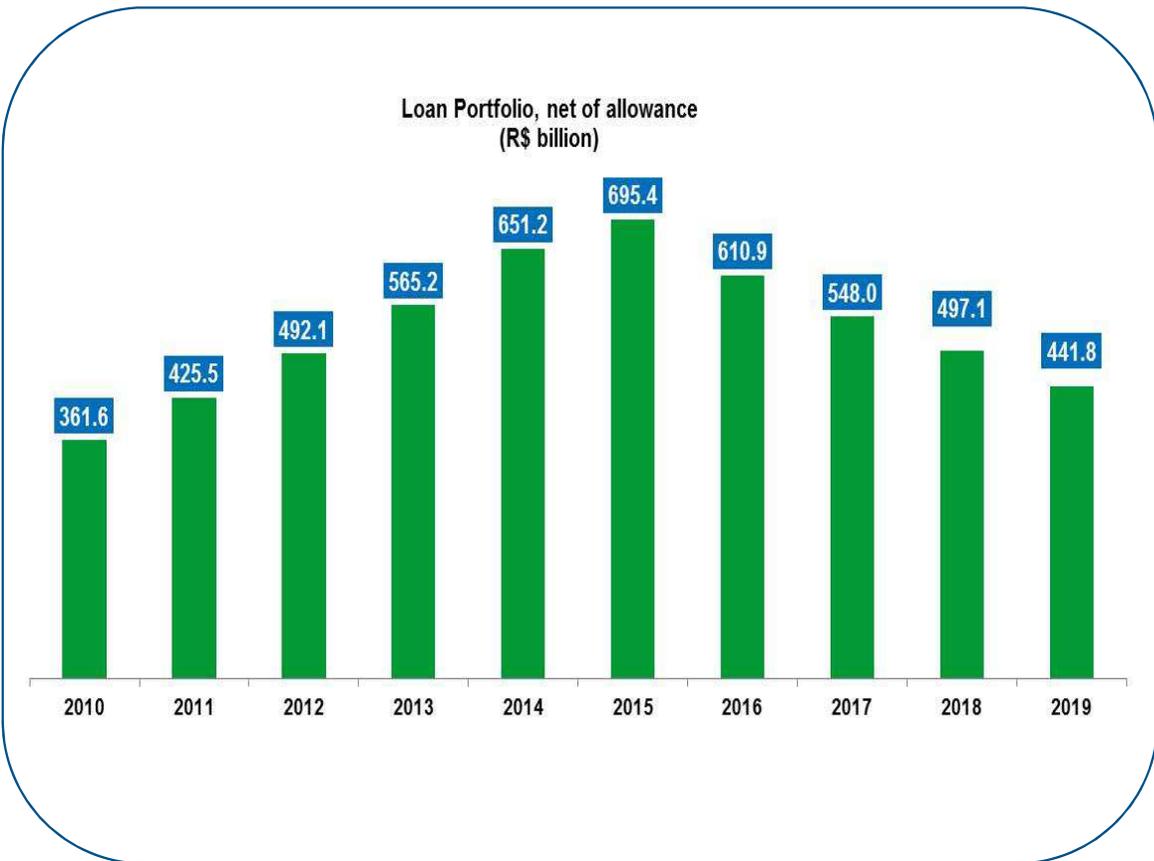
Funding // Foreign Institutions - Recents



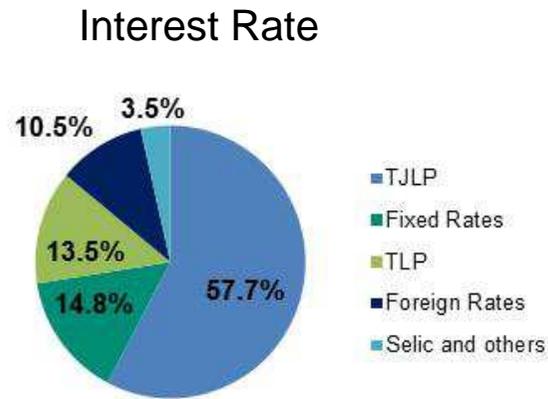
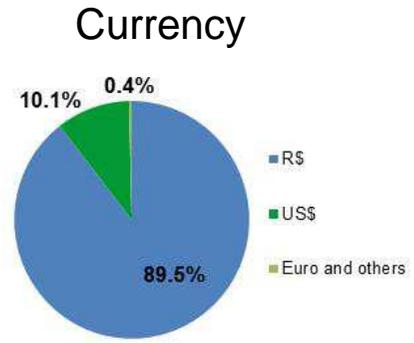
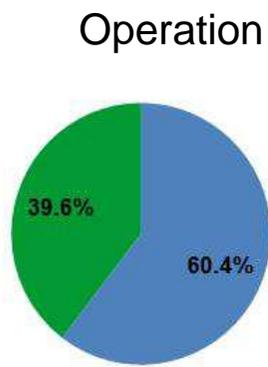
Investments



Investments // Loan Portfolio



As of December 31, 2019

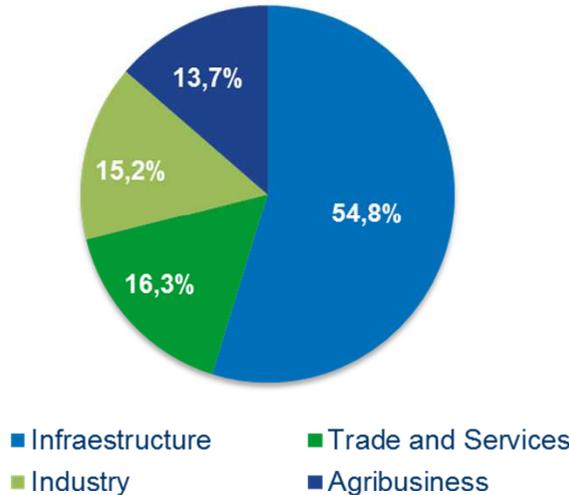


Represents 60.7 % of total assets

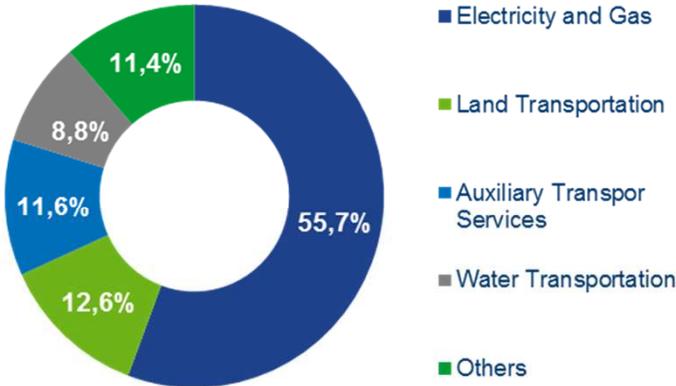
Investments // Loan Portfolio per Sector

As of December 31, 2019

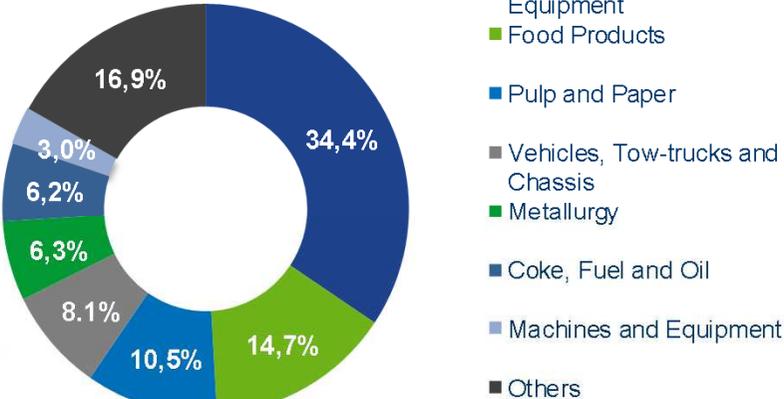
Distribution per Sector



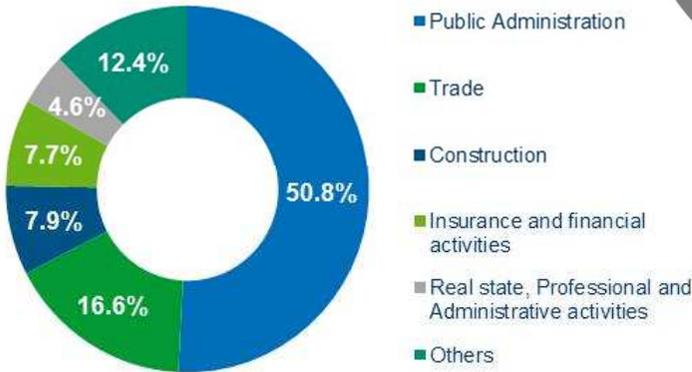
Infraestructure



Industry



Trade and Services



Investments // Quality of Loan Portfolio

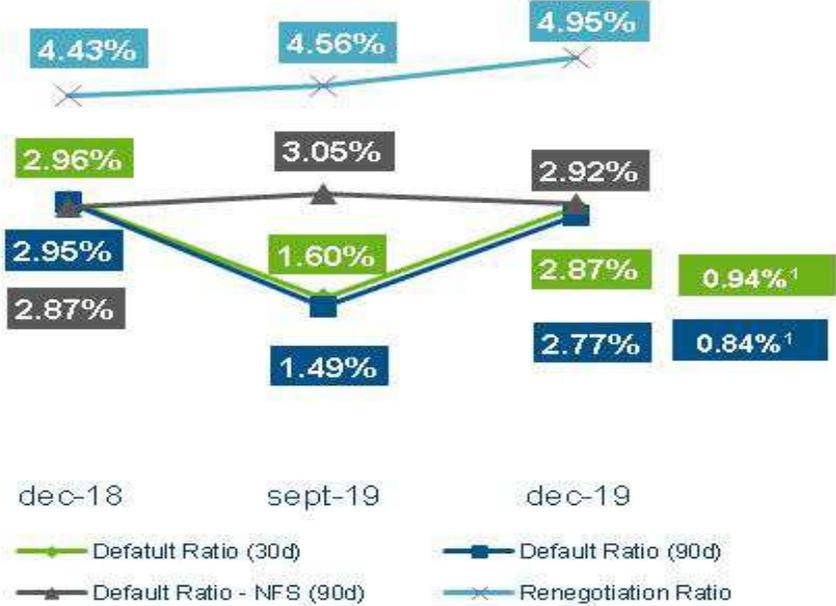
As of December 31, 2019

| RATING ¹ | BNDES GROUP | NFS ² |
|---------------------|-------------|------------------|
| AA-C | 95.4% | 91.0% |
| D-G | 3.2% | 6.1% |
| H | 1.5% | 2.9% |

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

² National Financial System. Last data available as of 09/30/2019.

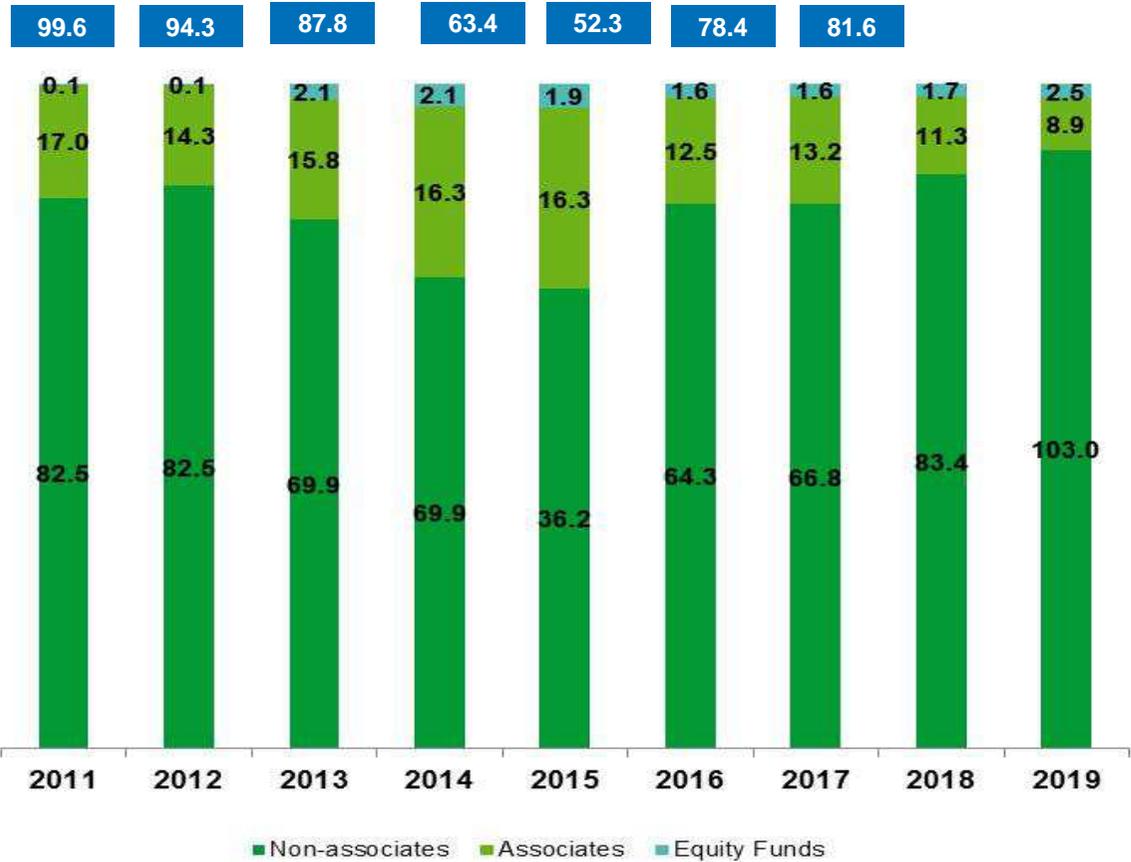
Default and Renegotiation Rates



¹ Disconsidering operations with guarantees honored by the Federal Government.

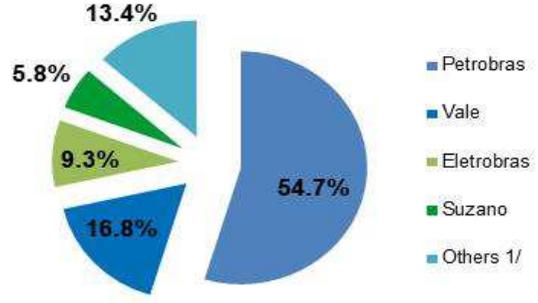
Investments // Equity Investments

Equity Investments (R\$ billion)



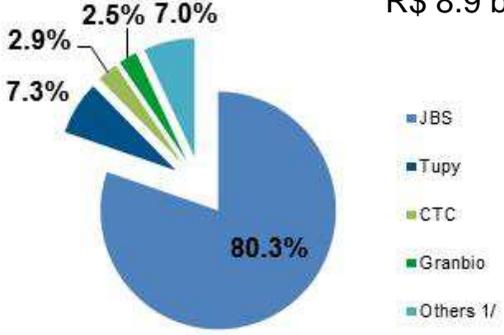
Non-associates Portfolio* – Market Value

R\$ 103 billion



Associates Portfolio* – Equity Method

R\$ 8.9 billion



1/ Includes investments in unlisted companies.
*Net of allowance

Investments // Equity Investments

Developing the Brazilian capital markets...

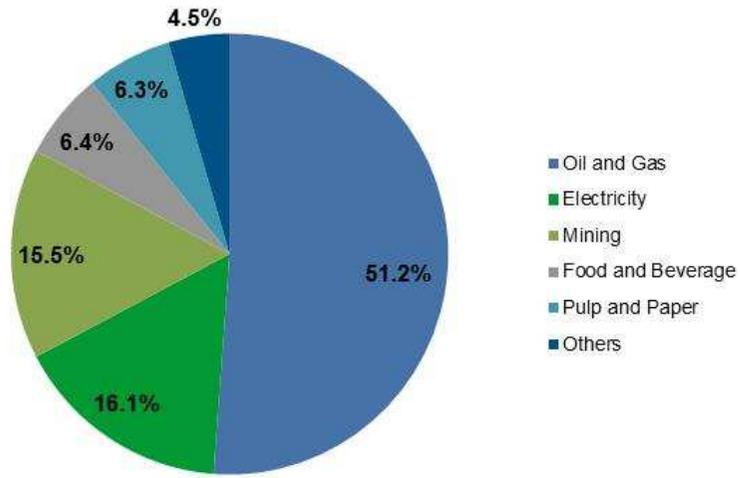
8 of 15 currently listed companies in the **Bovespa Mais**, a segment of the Brazilian stock exchange envisaged for companies that want gradual access to the formal market with purposes to foster growth among small and midsize companies via the capital market, have received financial support of BNDESPAR, directly or through equity funds.



Equity investments in numbers (December 31, 2019)*

Portfolio:
97 companies

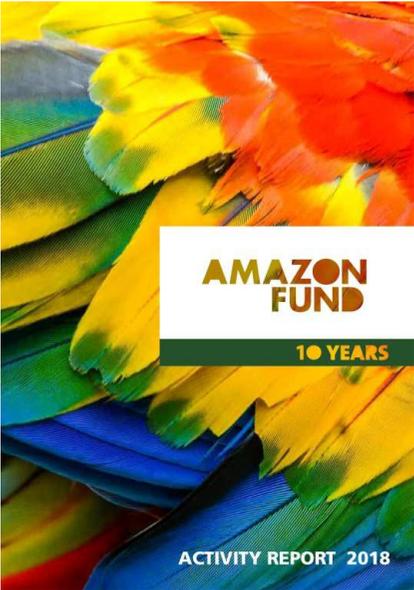
Portfolio by Sector



* 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\$ 1.21 billion |
| Federal Republic of Germany (KfW) | US\$ 68.1 million |
| Petrobras (Brazil) | US\$ 7.71 million |
| Total | US\$ 1.288 billion |

(*) As of December 31, 2019.

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

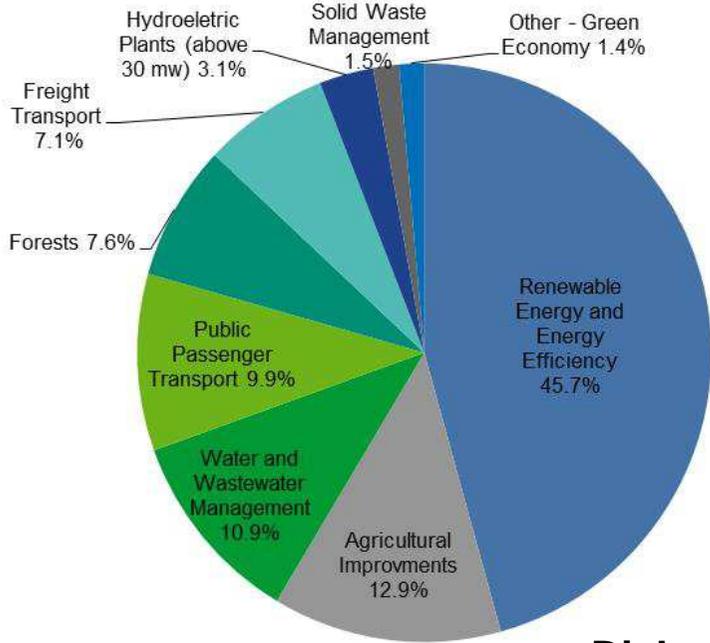
| Portfolio Breakdown | | | Executors | Third sector | 58 |
|---------------------|--------------------|---------------------|-----------|--------------------|----|
| Status | Number of projects | Financial resources | | States | 22 |
| Approved | 103 | R\$ 1.86 billion | | Federal Government | 9 |
| | | | | Municipalities | 7 |
| | | | | Universities | 6 |
| | | | | International | 1 |

(*) As of December 31, 2019.

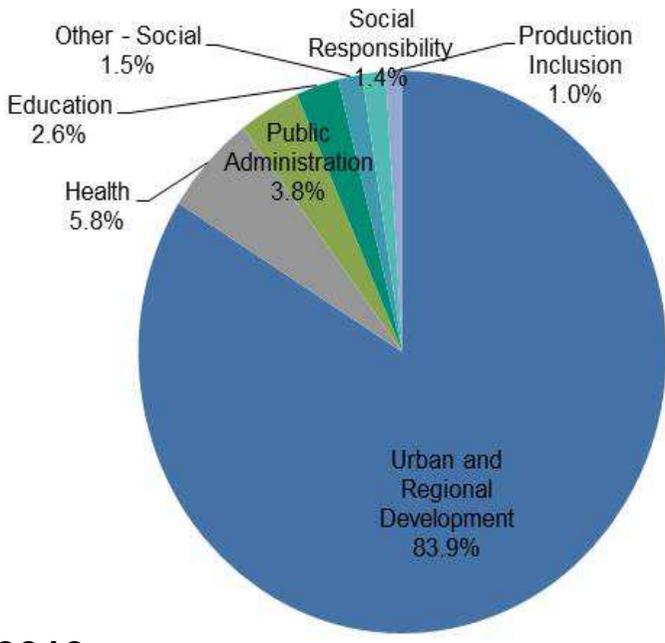
For more information: www.amazonfund.gov.br

Investments // Commitment to sustainable development

Disbursements to Green Economy Projects in 2019 per sector



Disbursements to Social Development Projects in 2019 per sector



Disbursements 2015-2019 (R\$ billion)

| 2015 | 2016 | 2017 | 2018 | 2019 |
|------|------|------|------|------|
| 31.3 | 14.5 | 14.7 | 11.9 | 8.9 |

| 2015 | 2016 | 2017 | 2018 | 2019 |
|------|------|------|------|------|
| 18.6 | 9.7 | 6.5 | 7.2 | 6.5 |

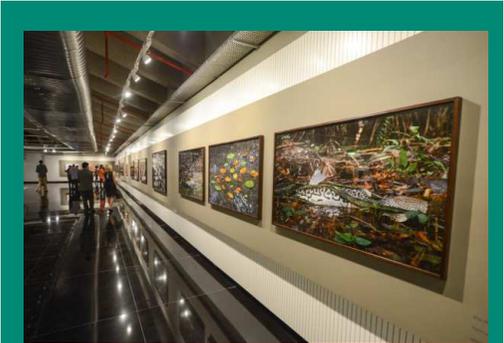


Culture



- ▶ Brazilian movie industry
- ▶ Restoration of historical buildings
- ▶ Preservation of collections (audiovisual, archives etc.)

Events

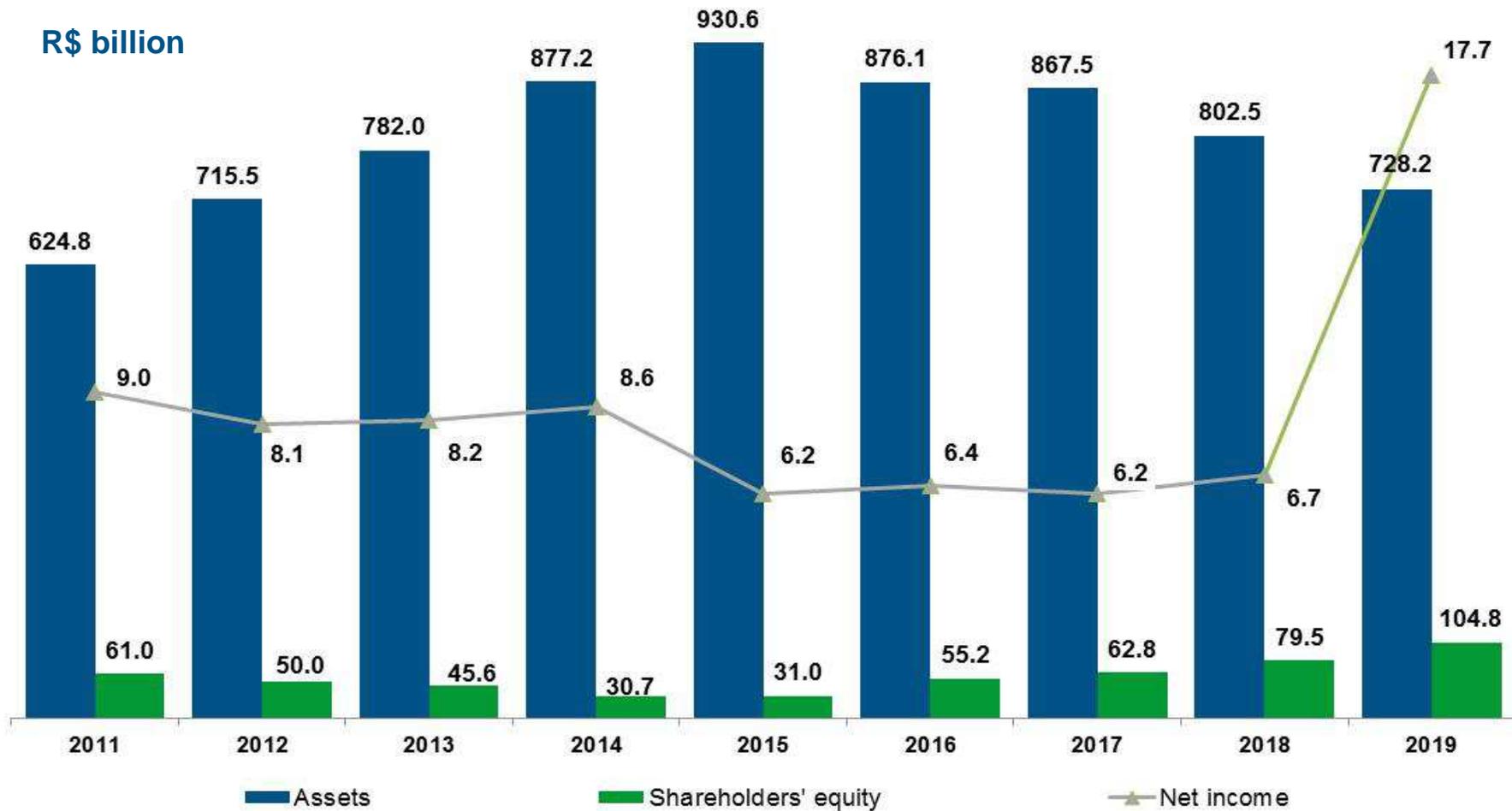


- ▶ Sponsorship of cultural events
- ▶ Live music performances at the BNDES Auditorium
- ▶ Exhibitions at the BNDES Art Gallery

Key Financial Figures



Key Financial Figures // Historical Data



Key Financial Figures // Main indicators

R\$ Million

| | 2019 | 2018 | 2017 |
|--|---------|---------|---------|
| Total Assets | 728,166 | 802,527 | 867,517 |
| Disbursements | 55,314 | 69,303 | 70,751 |
| Net Income | 17,721 | 6,711 | 6,183 |
| Shareholder's Equity | 104,811 | 79,556 | 62,836 |
| Return on Average Equity (%) | 28.64 | 12.80 | 12.97 |
| Return on Average Assets (%) | 2.47 | 0.83 | 0.72 |
| BIS Ratio (%) | 36.78 | 29.01 | 27.50 |
| Non-Performing Loan Ratio – 30 days (%) | 2.87 | 2.96 | 2.12 |
| Net Interest Margin (%) | 1.57 | 1.71 | 1.94 |

Key Financial Figures // Balance Sheets

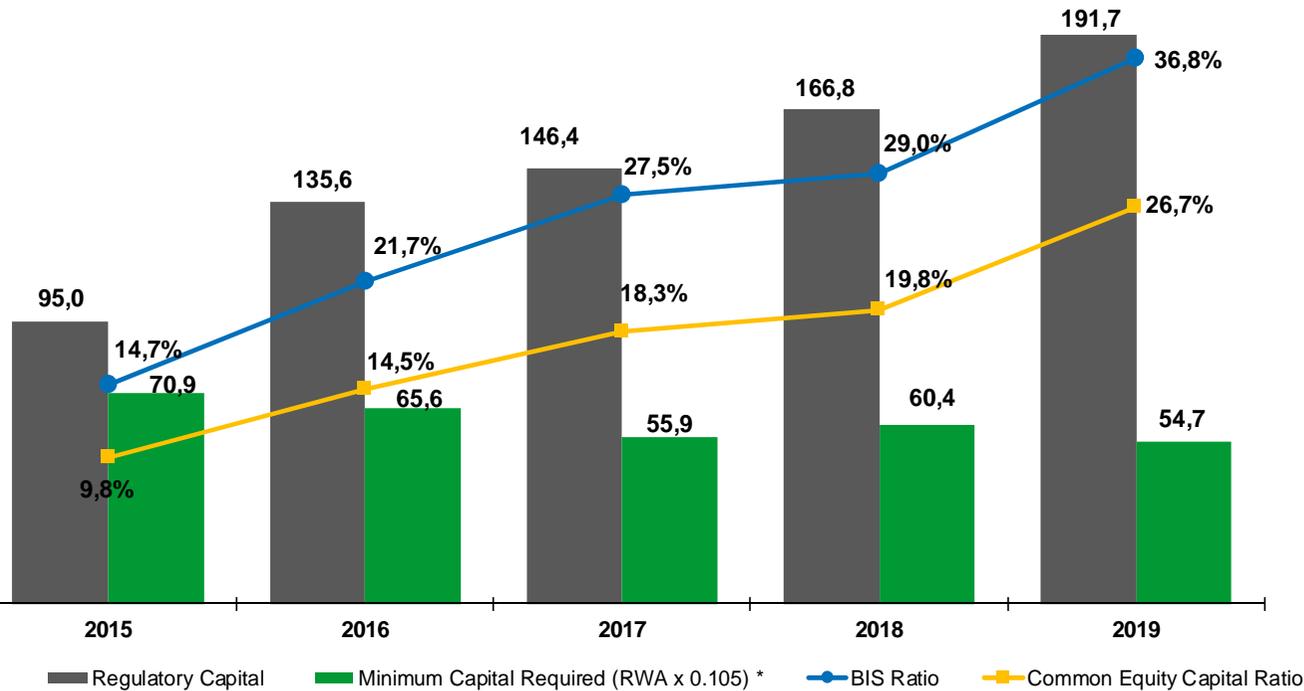
| | R\$ million, except percentages | | | | | |
|-----------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|
| | 2019 | % | 2018 | % | 2017 | % |
| Cash and equivalents | 51,367 | 7.1 | 83,447 | 10.4 | 112,549 | 13.0 |
| Securities | 81,338 | 11.2 | 86,022 | 10.7 | 85,976 | 9.9 |
| Loan Portfolio | 441,841 | 60.7 | 497,089 | 61.9 | 548,037 | 63.2 |
| Equity Investments | 114,430 | 15.7 | 96,427 | 12.0 | 81,814 | 9.4 |
| Credit from the National Treasury | 1,927 | 0.3 | 3,110 | 0.4 | 4,027 | 0.5 |
| Others | 37,263 | 5.1 | 36,432 | 4.5 | 35,114 | 4.0 |
| Total Assets | 728,166 | 100.0 | 802,527 | 100.0 | 867,517 | 100.0 |
| National Treasury | 199,747 | 27.4 | 307,009 | 38.3 | 415,988 | 48.0 |
| FAT | 290,340 | 39.9 | 271,691 | 33.9 | 250,250 | 28.8 |
| PIS-PASEP | 20,061 | 2.8 | 20,479 | 2.6 | 27,699 | 3.2 |
| International Funding | 28,761 | 3.9 | 38,723 | 4.7 | 39,857 | 4.6 |
| FGTS/FI-FGTS | 4,620 | 0.6 | 5,525 | 0.7 | 6,435 | 0.7 |
| Repurchase Agreements | 4,768 | 0.7 | 8,164 | 1.0 | 5,297 | 0.6 |
| Debentures | - | - | 1,963 | 0.2 | 1,891 | 0.2 |
| Others | 75,058 | 10.3 | 69,417 | 8.6 | 57,264 | 6.7 |
| Shareholders' Equity | 104,811 | 14.4 | 79,556 | 10.0 | 62,836 | 7.1 |
| Total Liabilities | 728,166 | 100.0 | 802,527 | 100.0 | 867,517 | 100.0 |

Key Financial Figures // Statements of Income

| | R\$ million | | |
|---|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 |
| Income from Loans | 36,051 | 40,938 | 47,812 |
| (+) Income from Securities | 10,316 | 13,210 | 17,273 |
| (-) Interest Expenses | (35,297) | (41,031) | (49,442) |
| (+/-) Exchange rate variation, net | (670) | (786) | (674) |
| (=) Gross Income from Financial Intermediation | 10,400 | 12,331 | 14,969 |
| (+/-) Allowance for Losses on Loans | 348 | (5,898) | (6,702) |
| = Income from Financial Intermediation | 10,748 | 6,433 | 8,267 |
| (+/-) Income from Equity Investments | 16,258 | 9,857 | 5,130 |
| (-) Administrative and Personnel Expenses | (2,369) | (2,249) | (2,232) |
| (+/-) Other Expenses, net | (1,360) | (2,037) | (1,440) |
| = Income before Taxes | 23,277 | 12,004 | 9,725 |
| (-) Income Taxes | (5,374) | (5,204) | (3,206) |
| (-) Profit sharing | (181) | (89) | (336) |
| = Net Income | 17,721 | 6,711 | 6,183 |

Key Financial Figures // Regulatory Ratios and Regulatory Capital

R\$ billion



| | 2018 | 2019 |
|---------------------------------------|-------|-------|
| Tier I Capital | 114,1 | 139,0 |
| Tier II Capital | 52,7 | 52,7 |
| Regulatory Capital | 166,8 | 191,7 |
| Credit Risk (RWA _{CPAD}) | 468,6 | 450,5 |
| Market Risk (RWA _{MPAD}) | 70,1 | 26,8 |
| Operating Risk (RWA _{OPAD}) | 36,2 | 43,9 |
| Risk-Weighted Assets (RWA) | 574,9 | 521,2 |

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

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