



Financial Statements

December 31, 2020

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BALANCE SHEETS

	Note	2020	2019
CURRENT ASSETS		51,433,993	41,033,891
Cash and cash equivalents	3.1 and 12.1	38,923,297	31,463,224
Securities		11,837,692	6,923,260
Debentures	5	1,375,569	1,613,483
Shares and Brazilian Depositary Receipts (BDRs)	4.2	10,045,547	5,082,632
Derivative financial instruments	3.4	10,916	9,345
Units in investment funds	6	405,660	217,800
Other receivables		641,989	2,646,408
Term sale of securities	7	39,888	845,477
Receivables	7	12,661	232,448
Dividends and interest on capital receivable	4.1	227,301	410,969
Recoverable and prepaid taxes	11.1.3	92,147	687,058
Assignment of capitalization right	8.2	14	431,056
Guarantee deposits receivable	8.1	4,327	4,154
Sundry	8.3	265,651	35,246
Other assets		999	999
Assets held for sale	4.3	30,016	-
NONCURRENT ASSETS		65,340,162	81,959,707
LONG-TERM ASSETS		54,366,121	72,869,796
Securities		52,218,800	71,823,155
Debentures	5	2,584,699	3,826,831
Shares and Brazilian Depositary Receipts (BDRs)	4.2	47,432,368	65,745,112
Units in investment funds	6	1,829,879	2,241,661
Derivative financial instruments	3.4	371,854	9,551
Other receivables		2,147,321	1,046,641
Term sale of securities	7	874,897	103,727
Receivables	7	81,011	356
Tax incentive		16,427	212,840
Guarantee deposits receivable	8.1	742,902	728,777
Assignment of capitalization right	8.2	430,503	-
Sundry	8.3	1,581	941
Investments	4.3	10,974,041	9,089,911
Equity interests in associates		10,974,041	9,089,911
TOTAL ASSETS		116,774,155	122,993,598
CURRENT LIABILITIES		3,347,982	2,729,769
Other payables		3,347,982	2,729,769
Taxes and contributions on profit	11.1.1	136,029	-
Other taxes and contributions		65,261	31,825
Dividends and interest on capital payable	10.1	2,832,368	2,481,526
Actuarial liabilities	12.3 and 13.1	62,892	51,178
Provisions for labor and civil risks	11.2	36	-
Sundry	11.3	251,396	165,240
NONCURRENT LIABILITIES		9,823,687	13,242,411
Other payables		9,823,687	13,242,411
Actuarial liabilities	12.3 and 13.1	802,005	822,702
Provisions for labor and civil risks	11.2	1,623,722	1,499,985
Deferred taxes	11.1.2	7,397,960	10,919,724
EQUITY	14	103,602,486	107,021,418
Capital		60,344,504	60,344,504
Earnings reserves		11,037,364	10,461,797
Legal reserve		1,408,807	812,519
Tax incentive reserve		268,341	268,341
Statutory reserve		1,687,248	863,113
Additional dividends proposed		7,672,968	8,517,824
Valuation adjustments to equity		32,220,618	36,215,117
BNDESPAR		29,042,124	35,284,318
Associates		3,178,494	930,799
TOTAL LIABILITIES		116,774,155	122,993,598

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENTS

	Note	2020	2019
OPERATING REVENUE		6,580,375	12,113,582
From equity interests		4,971,615	11,006,390
Share of profit of investees	4.3.2	2,549,900	2,308,461
Gains on sale of associates and stock warrants	4.3.2	3,239	6,555,062
Gains (losses) on derivatives		363,821	103,158
Interest on capital	4.2.2	1,280,954	694,193
Dividends	4.2.2	672,779	649,732
Other income (expenses) on equity interests	4.3	13,094	650,348
Income from investment funds		87,828	45,436
From financial transactions		1,608,760	1,107,192
Income from lending operations		185,015	86,678
Securities		1,423,007	1,020,514
Gains on sale of fixed income securities		738	-
OPERATING EXPENSES		(2,837,988)	(1,332,968)
From equity interests		(2,514,616)	(889,469)
Share of loss of investees	4.3.2	(2,533,336)	(558,476)
Reversal (recognition of) allowance for investment losses	4.1 and 4.3.4	18,720	(330,993)
De operações financeiras		(323,372)	(443,499)
Finance charges on obligations due to issue of debentures		-	(84,948)
Reversal (recognition) of allowance for expected credit losses	9.2	(310,065)	(359,866)
Gain (loss) on foreign exchange portfolio		(13,307)	1,315
OTHER OPERATING INCOME/EXPENSES		(1,407,051)	(927,628)
Tax expenses		(236,126)	(212,438)
Compensation - Executive Officers and Directors		(2,668)	(1,259)
Personnel expenses		(617,376)	(453,582)
Reversal (recognition) of provisions for labor and civil risks		(123,773)	(83,230)
Net inflation adjustment of assets and liabilities		(144,494)	(60,710)
Administrative expenses		(66,937)	(69,749)
Sundry		(215,677)	(46,660)
PROFIT BEFORE INCOME TAXES		2,335,336	9,852,986
Income tax	11.1.1	(705,965)	(1,934,740)
Social contribution	11.1.1	(265,298)	(705,766)
Deferred taxes	11.1.2	407,579	165,202
PROFIT BEFORE PROFIT SHARING		1,771,652	7,377,682
Profit sharing	12.5	(77,287)	(41,745)
PROFIT FOR THE YEAR		1,694,365	7,335,937
Number of shares		1,000,000	1,000,000
EARNINGS PER SHARE (REAIS / SHARE)	14	1,694	7,336

STATEMENTS OF COMPREHENSIVE INCOME

	2020	2019
Profit for the year	1,694,365	7,335,937
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss:	2,247,695	557,164
Associates' other comprehensive income	2,247,695	557,164
Items that will not be subsequently reclassified to profit or loss:	3,989,200	10,492,952
Adjustment to fair value of equity instruments	6,821,132	15,826,622
Tax effect	(2,863,971)	(5,316,289)
Actuarial gains (losses) on post-employment plan	43,840	(35,742)
Tax effect	(11,801)	18,361
Total Other Comprehensive Income	6,236,895	11,050,116
Comprehensive Income for the year	7,931,260	18,386,053

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Note	Capital	Earnings reserves					Valuation adjustments to equity		Retained earnings (accumulated losses)	Total
			Legal reserve	Tax incentive reserve	Statutory reserve	Reserve for capital increase	Additional dividends proposed	BNDESPAR	Associates		
At January 1, 2019		60,344,504	290,092	-	17,619	2,187,081	1,929,112	27,903,960	373,635	-	93,046,003
Additional dividends - 2018	14.4	-	-	-	-	-	(1,929,112)	-	-	-	(1,929,112)
Valuation adjustments to equity	14.2	-	-	-	-	-	-	10,492,952	557,164	-	11,050,116
Realization of equity instruments designated	14.3	-	-	-	-	-	-	(3,112,594)	-	3,112,594	-
Profit for the year	14.5	-	-	-	-	-	-	-	-	7,335,937	7,335,937
Profit allocation											
. Legal reserve		-	522,427	-	-	-	-	-	-	(522,427)	-
. Statutory reserve		-	-	-	845,494	-	-	-	-	(845,494)	-
. Tax incentive reserve (recognition of prior year balances used to absorb losses)		-	-	268,341	-	(268,341)	-	-	-	-	-
. Reserve for capital increase		-	-	-	-	(1,918,740)	1,918,740	-	-	-	-
. Dividends		-	-	-	-	-	-	-	-	(2,481,526)	(2,481,526)
. Additional dividends proposed		-	-	-	-	-	6,599,084	-	-	(6,599,084)	-
At December 31, 2019		60,344,504	812,519	268,341	863,113	-	8,517,824	35,284,318	930,799	-	107,021,418
Changes in the year		-	522,427	268,341	845,494	(2,187,081)	6,588,712	7,380,358	557,164	-	13,975,415
At January 01, 2020		60,344,504	812,519	268,341	863,113	-	8,517,824	35,284,318	930,799	-	107,021,418
Additional dividends - 2018 and 2019	14.4	-	-	-	-	-	(8,517,824)	-	-	-	(8,517,824)
Valuation adjustments to equity	14.2	-	-	-	-	-	-	3,989,200	2,247,695	-	6,236,895
Realization of equity instruments designated	14.3	-	-	-	-	-	-	(10,231,394)	-	10,231,394	-
Profit for the year		-	-	-	-	-	-	-	-	1,694,365	1,694,365
Profit allocation											
. Legal reserve		-	596,288	-	-	-	-	-	-	(596,288)	-
. Statutory reserve		-	-	-	824,135	-	-	-	-	(824,135)	-
. Dividends		-	-	-	-	-	-	-	-	(2,832,368)	(2,832,368)
. Additional dividends proposed		-	-	-	-	-	7,672,968	-	-	(7,672,968)	-
At December 31, 2020		60,344,504	1,408,807	268,341	1,687,248	-	7,672,968	29,042,124	3,178,494	-	103,602,486
Changes in the year		-	596,288	-	824,135	-	(844,856)	(6,242,194)	2,247,695	-	(3,418,932)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF VALUE ADDED

	2020		2019	
REVENUES	18,347,374		13,465,904	
Income from financial intermediation	1,608,760		1,107,192	
Gains on equity instruments designated at fair value through OCI, gross	16,221,350		4,841,164	
Other	517,264		7,517,548	
EXPENSES	(546,533)		(437,778)	
Expenses on financial intermediation	(13,307)		(83,633)	
Other	(533,226)		(354,145)	
INPUTS ACQUIRED FROM THIRD PARTIES	(348,957)		(748,144)	
Materials, energy and other	(7,403)		(7,894)	
Outside services	(50,209)		(49,391)	
Reversal (recognition) of allowance for expected credit losses	(291,345)		(690,859)	
GROSS VALUE ADDED	17,451,884		12,279,982	
RETENTIONS	(6,356)		(5,363)	
Depreciation	(6,356)		(5,363)	
WEALTH (RETAINED)/CREATED BY THE ENTITY, NET	17,445,528		12,274,619	
WEALTH RECEIVED IN TRANSFER	1,970,297		3,093,910	
Share of profit of investees	16,564		1,749,985	
Dividends and interest on capital	1,953,733		1,343,925	
TOTAL WEALTH FOR DISTRIBUTION	19,415,825		15,368,529	
WEALTH DISTRIBUTED	19,415,825	100.0%	15,368,529	100.0%
Personnel and payroll taxes	545,568	2.8%	401,369	2.6%
- Salaries and wages	340,755		261,301	
- Benefits	148,490		109,978	
- Severance Pay Fund (FGTS)	31,894		18,979	
- Other	24,429		11,111	
Profit sharing	77,287	0.4%	41,745	0.3%
Taxes and contributions	6,864,242	35.4%	4,469,783	29.1%
- Federal	6,861,411		4,467,598	
- State	3		3	
- Municipal	2,828		2,182	
Rentals	2,969	0.0%	7,101	0.0%
Dividends and interest on capital	2,832,368	14.6%	2,481,526	16.1%
Retained earnings	9,093,391	46.8%	7,967,005	51.9%

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

	2020	2019
Operating activities		
Profit before income tax and social contribution and profit sharing	2,335,336	9,852,986
Adjustments to profit before income tax and social contribution and profit sharing	10,266,127	2,090,075
Recognition (reversal) of allowance for expected credit losses	310,065	359,866
Recognition (reversal) of provisions for labor and civil risks	123,773	83,230
Share of loss of associates	(16,564)	(1,749,985)
Interest and inflation adjustment of debenture issue obligations	-	84,884
Gains on realization of equity instruments designated at fair value through OCI	10,231,394	3,112,594
Recognition (reversal) of allowance for investment losses	(18,720)	330,993
Gains (losses) on derivatives	(363,821)	(103,158)
Gain on bargain purchase of investments	-	(28,349)
Changes in assets and liabilities	5,709,458	(243,604)
. (Increase) / decrease in credit sale of securities and receivables, net	(136,514)	(33,943)
. (Increase) / decrease in securities, net	5,701,307	2,933,118
. (Increase) / decrease in other assets, net	730,188	165,043
. Increase / (decrease) in other liabilities, net	4,910,325	1,530,299
. Income tax and social contribution paid	(5,495,848)	(4,838,121)
Net cash provided by (used in) operating activities	18,310,921	11,699,457
Investing activities		
. Sale of investments	-	2,741,674
. Purchase of investments	(9,783)	(5,946)
. Dividends and interest on capital received - associates	330,837	76,386
Net cash provided by (used in) investing activities	321,054	2,812,114
Financing activities		
. Amortization of payables due to issue of debentures	-	(2,047,811)
. Dividends paid	(11,171,902)	(3,391,974)
Net cash provided by (used in) financing activities	(11,171,902)	(5,439,785)
Increase (decrease) in cash and cash equivalents	7,460,073	9,071,786
Change in financial position		
Cash and cash equivalents at beginning of year	31,463,224	22,391,438
Cash and cash equivalents at end of year	38,923,297	31,463,224
Increase (decrease) in cash and cash equivalents	7,460,073	9,071,786

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

1.1. The Company

BNDESPAR is a corporation headquartered at Setor Comercial Sul, Centro Empresarial Parque Cidade, Quadra 09, Torre C, 12^o andar, Brasília, in the Federal District, Brazil. Established in 1974, BNDESPAR is a wholly owned subsidiary of the National Bank for the Social and Economic Development (BNDES). Its operations are driven by strategic guidelines that are designed in conjunction with BNDES and intended to support Brazilian companies' capitalization process and development. BNDESPAR meets its corporate purpose mainly by holding temporary, non-executive minority equity interests in its investees and, also, strengthening and modernizing Brazil's capital markets.

On January 13, 1998, BNDESPAR obtained from the Brazilian Securities and Exchange Commission (CVM) its public company registration whereby it was authorized to trade its securities in the over-the-counter (OTC) market.

For additional information on BNDESPAR and its activities, see Note 18 or visit its website at www.bndes.gov.br.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements were prepared at historical cost, except for the measurement of certain assets and liabilities, which were measured at fair value.

2.1. Approval for issuance and functional and presentation currency

BNDESPAR's financial statements for the year ended December 31, 2020 were authorized for issue by the Board of Executive Officers on March 04, 2021. BNDESPAR's Board of Directors, which is entitled to change the financial statements, expressed their opinion subsequently to issue of such financial statements on March 10, 2021.

BNDESPAR's functional and presentation currency is the Brazilian real (R\$), and the financial information is presented in thousands of reais (R\$ thousand), unless otherwise indicated. The functional currency of an entity is the currency of the primary economic environment where it operates.

2.2. Statement of compliance and continuity

Compliance

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, in line with the provisions of Brazilian Corporate Law, the standards issued by the Brazilian Securities Commission (CVM), the technical pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), and the International Financial Reporting Standards (IFRS), as approved by the International Accounting Standards Board (IASB).

Management understands that all the information presented in these financial statements is relevant and fairly represent the information used while managing BNDESPAR.

Continuity as a going concern

The financial statements were prepared under the going concern assumption, since Management is satisfied that the BNDESPAR will be able to remain in business for the foreseeable future. In adopting the going concern assumption, Management considered a vast array of information on current and forward-looking conditions, including expected profitability, cash flows and capital resources.

Additionally, Management is not aware of any material uncertainty that could create significant doubt as to its ability to continue as a going concern in the foreseeable future.

2.3. Significant items that affected financial statements in current year

Equity changes:

Decrease in total assets for the year due to a decrease in the equity book at fair value, in particular the volume of shares sold that made it possible to realize profits and consequently pay dividends, and the decrease in the debenture portfolio.

As for liabilities, there was a decrease in the balance of deferred tax liabilities in the year, mainly due to the realization of deferred taxes on the sales made, mitigated by the registration of the mandatory minimum dividends on the 2020 net income.

Despite the profit for the year, shareholders' equity decreased reflecting mainly the payment of additional dividends on 2019 and 2018 net income, in the first half of the year, and the recognition of the minimum dividends referred to above.

Changes in comprehensive income:

The increase in net income for the year is explained primarily by the higher equity in earnings of investees, in particular on the sales of Vale, Petrobras and Suzano shares, and the increase in income from financial transactions.

As regards income from financial transactions, despite the lower income from the yield of cash and cash equivalents, due to the drop in interest rates, there was an improvement in the year because 2019 was impacted by the negative adjustment to fair value and the allowance for impairment of receivables.

There was a year-on-year increase in other expenses due to higher administrative and personnel expenses resulting from the increase in BNDESPAR's share in the apportionment of BNDES Group's administrative expenses, in addition to higher expenses on inflation adjustments to additional dividends paid in 2020.

2.4. Novel coronavirus (COVID-19)

Since January 2020, transmission of the novel coronavirus (Sars-Cov-2) has been spreading in several parts of the world. On March 11, 2020, the World Health Organization (WHO) declared the disease caused by this coronavirus, COVID-19, a pandemic. The spread of COVID-19 has affected businesses and economic activities in several countries.

On March 10, 2020, the Brazilian Securities and Exchange Commission (CVM) issued the Official Letter CVM/SNC/SEP/02/2020 orienting businesses and their independent auditors to carefully consider the impacts of COVID-19 on their business and the uncertainties risks to which businesses are exposed.

There is great uncertainty surrounding the impacts of the pandemic on the local and global economies, including the time required to contain the spread of the virus. The consequences of some measures that are being taken, especially those related to restrictions on mobility imposed mainly by state and local governments, have generated a drop in cash flows and adversely impacted the businesses' operations. In addition, several companies are incurring additional costs to support the fight against the pandemic and adapt their operating units, including some of BNDESPAR's associates. These actions affected the equity in earnings of investees and the receipt of dividends throughout the year.

Even though Management is constantly assessing the impact of COVID-19 on BNDESPAR's operations and financial position, the uncertainties generated by this pandemic have reduced the level of predictability of operations in general and the accounting estimates used for the preparation of financial statements.

BNDES Group's actions

BNDES has been carrying out several countercyclical actions against the negative economic impacts of COVID-19, such as expanding the BNDES Small Businesses Credit facility, temporarily suspending repayments of BNDES loan—standstill, granting emergency health support, and the Saving Lives Matchfunding program, among other actions that can be found on the BNDES website: <https://www.bndes.gov.br/wps/portal/site/home/bndes-contracoronavirus>.

Still in the wake of the emergency actions announced by the Federal Government, it is worth mentioning the discontinuation of the PIS-Pasep Fund, on May 31, 2020, with the transfer of its assets to the Severance Pay Fund (FGTS).

The emergency actions described above do not have any material impacts on BNDESPAR's financial statements.

2.4.1. Impact assessments of COVID-19 on BNDESPAR

Currently, BNDESPAR is exposed to price and interest rate risks, followed by, to a lesser extent, foreign exchange risks. The amounts, by risk factor, for marked-to-market transactions disclosed in the balance sheet and foreign exchange transactions, calculated using VaR (Value at Risk) metrics, stress testing, a sensitivity analysis, and a mismatch analysis by risk factor, are disclosed in Note 15. Risk Management.

BNDESPAR's Management does not anticipate any risks to its continuity as a going concern nor to the accounting estimates and judgments. Nevertheless, it will remain attentive to and diligently act on any information or event related to COVID-19 in order to reflect and/or disclose such information or event on a timely basis in its financial statements, especially as regards changes in asset valuation and impairment, fair value measurement, actuarial liabilities, and allowances for expected credit loss.

The main impacts of COVID-19 on BNDESPAR's financial statements for the year ended December 31, 2020 were:

Equity Book at FVTOCI

In the period February-December 2020, there was depreciation of the equity book valued at fair value amounting to R\$2,892,923 (R\$1,968,729, net of tax effects), taking into account the equity book position as of January 31, 2020, with a contra entry in other comprehensive income in BNDESPAR's shareholders' equity. Despite the still uncertain outlook regarding the outcome of the current health crisis, BNDESPAR maintains its financial soundness to face its institutional role and contribute to strengthening Brazilian businesses. It is worth noting that even in a weakened context of the capital market, the equity investments book at fair value still posted a positive accumulated equity appreciation of R\$26.5 billion at the end of December 2020.

2.5. Management's significance criteria

The explanatory notes provide information that is necessary for readers to understand BNDESPAR's financial statements in addition to information that is relevant and material for BNDESPAR's operations, financial position and performance.

Information is considered material and relevant if, for example:

- The amount is significant due to its materiality or nature, when compared to the financial statements as a whole;
- It is important for the understandability of BNDESPAR results; or
- It contributes to explain the impact of significant changes on BNDESPAR's businesses.

2.6. Basis of presentation of explanatory notes

In conformity with the guiding principles in the International Integrated Reporting Framework, the guidance provided by the Accounting Pronouncements Committee (CPC) and the Market Information Disclosure Steering Committee (Codim), the explanatory notes to BNDESPAR's financial statements are presented in a concise manner and follow the materiality and relevance criteria regarding the matters discussed.

For information on significant accounting policies, see Note 19.

3. DISCLOSURE OF FINANCIAL ASSETS

3.1. Classification by category

The accounting policy adopted to classify and measure financial assets is presented in Note 19.4.1.

	2020			
	Measured at fair value		Measured at amortized cost	Carrying amount
	through profit and loss	through other comprehensive income	Amortized cost	
Repurchase agreements	3,886,682	-	35,036,615	38,923,297
Securities				
Debentures	1,732,359	-	2,227,909	3,960,268
Shares	-	57,477,915	-	57,477,915
Units in investment funds	405,660	1,829,879	-	2,235,539
Derivative financial instruments	382,770	-	-	382,770
Term sale of securities	-	-	914,785	914,785
Receivables	-	-	93,672	93,672
Interest on capital and dividends receivable	-	-	227,301	227,301
Guarantee deposits receivable	-	-	747,229	747,229
Total	6,407,471	59,307,794	39,247,511	104,962,776
Current	5,432,783	10,045,547	35,566,836	51,045,166
Noncurrent	974,688	49,262,247	3,680,675	53,917,610

	2019			
	Measured at fair value		Measured at amortized cost	Carrying amount
	through profit and loss	through other comprehensive income	Amortized cost	
Repurchase agreements	5,405,630	-	26,057,594	31,463,224
Securities				
Debentures	2,755,394	-	2,684,920	5,440,314
Shares	-	70,827,744	-	70,827,744
Units in investment funds	217,800	2,241,661	-	2,459,461
Derivative financial instruments	18,896	-	-	18,896
Term sale of securities	-	-	949,204	949,204
Receivables	-	-	232,804	232,804
Interest on capital and dividends receivable	-	-	410,969	410,969
Guarantee deposits receivable	-	-	732,931	732,931
Total	8,397,720	73,069,405	31,068,422	112,535,547
Current	6,795,808	5,300,432	27,783,292	39,879,532
Noncurrent	1,601,912	67,768,973	3,285,130	72,656,015

3.2. Financial assets measured at fair value by hierarchy level

In measuring the fair value of financial assets, BNDESPAR takes into consideration the hierarchy level of such assets, according to the accounting policy described in Note 19.4.1.3.

	2020			
	Level 1	Level 2	Level 3	Total
Repurchase agreements - fair value through profit or loss ⁽¹⁾	-	3,886,682	-	3,886,682
Shares - fair value through other comprehensive income (FVTOCI)	52,699,232	-	4,778,683	57,477,915
Debentures - fair value through profit or loss	531,140	598,385	602,834	1,732,359
Units in investment funds - fair value through profit or loss	36,925	-	368,735	405,660
Units in investment funds - fair value through other comprehensive income ⁽²⁾	333,488	-	1,496,391	1,829,879
Derivative financial instruments - fair value through profit or loss	-	-	382,770	382,770
Total	53,600,785	4,485,067	7,629,413	65,715,265

	2019			
	Level 1	Level 2	Level 3	Total
Repurchase agreements - fair value through profit or loss ⁽¹⁾	-	5,405,630	-	5,405,630
Shares - fair value through other comprehensive income (FVTOCI)	69,298,124	956,463	573,157	70,827,744
Debentures - fair value through profit or loss	238,854	-	2,516,540	2,755,394
Units in investment funds - fair value through profit or loss	22,565	-	195,235	217,800
Units in investment funds - fair value through other comprehensive income ⁽²⁾	-	-	2,241,661	2,241,661
Derivative financial instruments - fair value through profit or loss	-	-	18,896	18,896
Total	69,559,543	6,362,093	5,545,489	81,467,125

⁽¹⁾ As of December 31, 2020, repurchase agreements measured at amortized cost amounted to R\$35,036,615 (R\$26,057,593 as of December 31, 2019).

⁽²⁾ As of December 31, 2020, the total units in investment funds presented in Level 3 of the fair value hierarchy include R\$75,760 (R\$67,970 as of December 31, 2019) in assets measured at acquisition cost plus changes in equity.

Changes in the balances of shares, debentures and units in investment funds classified into Level 3 of the fair value hierarchy are presented in Notes 4.2.1, 5.2 and 6.1, respectively.

3.3. Financial assets measured at amortized cost

Since there is no secondary market for the assets measured at amortized cost, their fair value is equal to their carrying amount, except for debentures.

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Repurchase agreements	35,036,615	35,036,615	26,057,594	26,057,594
Securities				
Debentures (measured at amortized cost) ⁽¹⁾	2,227,909	2,212,103	2,684,920	2,684,920
Term sale of securities ⁽¹⁾	914,785	914,785	949,204	949,204
Receivables ⁽¹⁾	93,672	93,672	232,804	232,804
Interest on capital and dividends receivable	227,301	227,301	410,969	410,969
Guarantee deposits receivable	747,229	747,229	732,931	732,931
Total	39,247,511	39,231,705	31,068,422	31,068,422

⁽¹⁾ Amounts net of the allowance for expected credit losses.

3.4. Derivatives

BNDESPAR has contracts involving put options structured in floating-rate investments, as shown below. As required by the relevant CPC standard, these assets are measured at fair value, with a balancing item to profit or loss for the period in which the gain or loss arises.

Derivatives	Pricing methodology	Maturity	2020	2019
Share subscription bonus (assets)	<i>Black-Scholes / Binomial Model / Stock appreciation</i>	Jun 21 to Oct 25	382,770	18,896
			382,770	18,896
Current			10,916	9,345
Noncurrent			371,854	9,551

4. EQUITY INTERESTS

BNDESPAR's primary activity is to provide long-term support by holding equity interests, in line with BNDES' operating policies. The accounting treatment given to BNDESPAR's equity interests is discussed in Note 19.6.

Equity interests in companies measured at fair value are presented in line item "Securities", under "Shares and Brazilian Depositary Receipts (BDRs)", into the "Fair value through other comprehensive income (FVTOCI)" category whereas equity interests in associates are presented in line item "Investments", under "Equity interests in associates" and also in "Assets held for sale".

In order to disclose these assets from the same standpoint that they are managed, below is a breakdown of these investments as an equity investments portfolio:

4.1. Breakdown of balances

Equity interests – Balance sheet	2020	2019
Securities - FVTOCI shares - current assets	10,045,547	5,082,632
Securities - FVTOCI shares - noncurrent assets	47,432,368	65,745,112
Assets held for sale	30,016	-
Investments - Equity interests in associates	10,974,041	9,089,911
Total equity investments portfolio	68,481,972	79,917,655

Reversal (recognition) of the allowance for impairment on investments in shares - Income statements	2020	2019
Associates, Notes 4.3.2 and 4.3.4	18,720	(330,993)
Total	18,720	(330,993)

Dividends and interest on capital receivable	2020	2019
FVTOCI shares		
Dividends	13,001	58,285
Interest on capital	209,396	349,642
Associates		
Dividends	1,591	-
Interest on capital	3,313	3,042
Total	227,301	410,969

4.2. Securities – Shares and Brazilian Depositary Receipts

Below is the breakdown of the equity investments and Brazilian Depositary Receipts portfolio classified into the “fair value through other comprehensive income (FVTOCI)” category, showing the main equity interests in listed companies, which account for 92% of the total portfolio classified into this category.

Investees	Number of shares held in 2020 (in thousands)		Interest in total capital in 2020 - %	2020	2019
	Common shares	Preferred shares			
LEVEL 1					
PETROBRAS	17,700	900,210	7.04	26,023,330	27,836,194
VALE ⁽¹⁾	115,017	-	2.18	10,045,547	17,297,346
ELETROBRAS	141,758	18,691	10.23	5,868,416	6,057,153
COPEL	38,299	27,282	23.96	4,683,603	4,505,735
KLABIN - UNITS	83,721	334,885	7.45	2,205,216	1,040,807
CEMIG	56,578	27,299	5.52	1,329,342	1,201,486
AES TIETÊ ENERGIA - UNITS	39,557	158,216	9.91	655,420	1,808,562
EMBRAER	39,762	-	5.37	348,319	783,719
ENGIE BRASIL ENERGIA	7,781	-	0.95	344,017	396,776
OURO FINO SAÚDE ANIMAL	6,614	-	12.26	238,235	283,871
COPASA	13,160	-	3.46	214,106	298,151
SUZANO ⁽²⁾	-	-	-	-	6,017,710
GERDAU ⁽²⁾	-	-	-	-	497,768
LIGHT ⁽²⁾	-	-	-	-	431,452
Subtotal Level 1				51,955,551	68,456,730
The companies - Level 1				743,681	841,394
Total Level 1				52,699,232	69,298,124
LEVEL 2				-	956,463
LEVEL 3				4,778,683	573,157
TOTAL				57,477,915	70,827,744
Current				10,045,547	5,082,632
Noncurrent				47,432,368	65,745,112

⁽¹⁾ See Note 4.2.2.

⁽²⁾ Shares sold during 2020.

For details on the portfolio classification into levels, see Note 19.4.1.3.

4.2.1. Changes between levels

There is no difference in the classification of FVTOCI shares into Levels 1 and 2 of the fair value hierarchy as of December 31, 2020 and 2019.

The changes in the balance of the investment in shares measured at fair value classified into Level 3 is as follows:

	2020	2019
Balance at the beginning of the year	573,157	553,809
Transfer from Level 3 to Level 1	(146,119)	-
Transfer from Level 1 to Level 3	154,068	-
Transfer from Level 2 to Level 3	1,896,576	-
Acquisitions	1,694,433	-
Sale	-	(2,060)
Adjustment to fair value	606,568	21,408
Balance at the end of the year	4,778,683	573,157

4.2.2. Other gains (losses) on equity investments at fair value through other comprehensive income (FVTOCI)

In addition to economic gains from the market appreciation of the shares at FVTOCI, BNDESPAR derives gains from these assets when it (i) sells shares; and (ii) receives payouts as a shareholder in the form of dividends and/or interest on shareholders' equity.

In the year ended December 31, 2020, BNDESPAR posted a total gain on the disposal of shares classified as at FVOCI of R\$15,912,566, which net of taxes totals R\$9,922,610 (R\$4,814,929 in the year ended December 31, 2019, of which R\$3,086,359 net of tax effects). Most of this gain, R\$10,882,721, results from the disposal of Vale S.A. shares by BNDESPAR, of which R\$6,828,000 was earned in an auction (block trade) held on the stock exchange (B3) on August 4, 2020. The sales of Vale S.A. shares in 2020 resulted in the reduction of BNDESPAR's ownership interest in this company from 6.12% of the total and voting capital as of December 31, 2019 to 2.18% as of December 31, 2020.

The gain on disposal of FVTOCI shares net of taxes was transferred from 'Valuation adjustments to equity – Own' to 'Retained earnings (accumulated losses)', as disclosed in Note 14.3.

The table below shows the breakdown of income on dividends and interest on shareholders' equity (JSCP) involving listed companies disclosed in the Statement of Income

Companies	2020			2019		
	Dividends	Interest on capital	Total	Dividends	Interest on capital	Total
Vale	265,811	645,537	911,348	-	-	-
Petrobras	3,138	380,391	383,529	17,247	458,697	475,944
Eletrobras	251,306	-	251,306	147,778	-	147,778
Copel	-	192,517	192,517	23,523	153,182	176,705
AES Tietê	72,666	3,530	76,196	79,965	12,406	92,371
Cemig	20,121	29,372	49,493	36,318	22,100	58,418
Copasa	28,458	8,225	36,683	-	7,577	7,577
Naturgy Brasil (ex CEG)	8,803	16,245	25,048	209,249	25,154	234,403
Klabin	1,228	-	1,228	39,081	16,013	55,094
Suzano	-	-	-	33,757	-	33,757
Subtotal	651,531	1,275,817	1,927,348	586,918	695,129	1,282,047
Other companies ⁽¹⁾	21,248	5,137	26,385	62,814	(936)	61,878
Total	672,779	1,280,954	1,953,733	649,732	694,193	1,343,925

⁽¹⁾ Negative interest on shareholders' equity represents an "expense" recognized in net income for the year due to the need to adjust the amount of some previously recognized income. As a rule, these adjustments result from changes in the disclosures made by an investee related to the distributed payouts.

4.3. Investments – Equity Interests in Associates and Held-for-sale Assets

The table below shows detailed information on the material equity interests, which account for approximately 89% of the investments in associates as of December 31, 2020:

Investments and held-for-sales assets									
Associates and held-for-sales assets ⁽²⁾	2020 ⁽¹⁾							2019 ⁽¹⁾	Associate' core business
	Shares held (thousands)	% of interest in capital ⁽³⁾		Equity value	Goodwill in expected future earnings	Loss allowance	Total	Total	
	Common	Total	Voting						
JBS	581,661	22.17%	22.17%	8,529,870	479,821	-	9,009,691	7,181,075	Food industry
Tupy	40,645	28.22%	28.22%	737,226	-	-	737,226	655,312	Metallurgy and steel industry
Subtotal				9,267,096	479,821	-	9,746,917	7,836,387	
Other				1,188,379	768,750	(699,989)	1,257,140	1,253,524	
Total				10,455,475	1,248,571	(699,989)	11,004,057	9,089,911	
Held- for-sale assets ⁽⁴⁾					-		30,016	-	
Associates							10,974,041	9,089,911	

⁽¹⁾ The reporting date of the investees' shareholders' equity used to calculate the last equity pickup is October 31, 2020. In the year ended December 31, 2019 the reporting date was October 31, 2019, except for JBS, for which the shareholders' equity as of September 30, 2019 was used (most recent information disclosed to the market by the associate when those financial statements were prepared).

⁽²⁾ Companies headquartered in Brazil.

⁽³⁾ Percentage of interest in capital - adjusted by the treasury shares of the relevant companies, when applicable.

⁽⁴⁾ On September 30, 2020, BNDESPAR entered into an agreement for the sale of its total stake in a certain associate and the completion of the sale depends on verifying the satisfaction of certain suspensive conditions. Since the sale is considered highly probable by BNDESPAR's management, as of December 31, 2020 the investment is disclosed in line item 'Held-for-sale assets', in compliance with CPC 31 *Non-current Assets Held for Sale and Discontinued Operations*. Since the fair value of the transaction exceeds the value of the investment valued by the equity method, no adjustment was made to the balance of the investment.

JBS

A) Structuring of the secondary public offering of shares

As disclosed by JBS in a Material Fact Notice as of November 19, 2019, BNDESPAR announced its intention to sell its holdings of JBS shares, potentially through a secondary public offering. On the occasion, BNDESPAR also reported that it started studies to detail the possible structures and characteristics of the Transaction, including regarding the definition of the transaction schedule and transaction volume.

Due to the effects of the crisis and the deteriorating market conditions caused by the Covid-19 pandemic, the Offer was not continued. However, BNDESPAR continues to periodically monitor and assess the market's liquidity opportunities for possible divestments of its asset portfolio.

B) Expiration of the Shareholders' Agreement

The effectiveness of Shareholders' Agreement entered into by BNDESPAR and J&F Participações S.A. (controlling shareholder of JBS) expired on December 31, 2019. Management believes that, even in the absence of a shareholders' agreement, it continues to exercise significant influence over JBS due to its material interest in the associate's capital, which allows BNDESPAR to influence the company by its votes at general meetings.

4.3.1. Basis for Equity Pick-up – Investments in Associates

When necessary, the financial statements of the associates used to calculate the equity pick-up are adjusted to reflect: (i) the effects arising from material events after the end of the reporting period; (ii) the effects of accounting policies' harmonization; and (iii) adjustments to the fair value of assets and liabilities identified when the equity interest was acquired by BNDESPAR.

The financial information of the investees, shown in the table below, already considers these effects.

Associates and held-for-sales assets	10/31/2020 ⁽¹⁾					11/01/2019 to 10/31/2020 – twelve months ⁽¹⁾					2020
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue	Net income (loss) from continuing operations	Net income (loss) from discontinued operations	Other comprehensive income	Total comprehensive income	Market value ⁽²⁾
JBS	11,334,957	69,599,960	7,845,374	34,618,620	38,470,923	48,996,006	2,768,942	-	9,498,917	12,267,859	13,831,901
Tupy	2,025,686	3,896,757	1,132,556	2,177,523	2,612,364	2,489,196	(52,597)	-	334,004	281,407	858,430
Subtotal	13,360,643	73,496,717	8,977,930	36,796,143	41,083,287	51,485,202	2,716,345	-	9,832,921	12,549,266	
Other associates	2,544,419	6,528,152	2,429,532	3,764,737	2,878,302	3,523,072	356,766	(40,763)	1,614,726	1,930,729	
Total	15,905,062	80,024,869	11,407,462	40,560,880	43,961,589	55,008,274	3,073,111	(40,763)	11,447,647	14,479,995	

⁽¹⁾ The reporting date of the investees' shareholders' equity used to calculate the last equity pickup.

⁽²⁾ Market value of the equity interests in listed associates, calculated based on the average price of the last trading session on which the share was traded, in the reporting month.

4.3.2. Changes in investments – equity interests in associates and held-for-sale assets

The tables below show the main changes in the BNDESPAR's portfolio per associate, in the years ended December 31, 2020 and 2019:

Associates and held-for-sales assets	Balance at 01/01/2020	Acquisitions	Dividends/USCP recognized	Equity in earnings (losses)	Other equity in earnings (losses) ⁽¹⁾	Valuation adjustment to associates' equity	Reversal (recognition) of allowance for impairment losses	Effects of transfer to/from securities	Disposal	Balance at 12/31/2020
JBS ^{(2) (3)}	7,181,075	-	(314,443)	144,838	(75,213)	2,073,434	-	-	-	9,009,691
Tupy	655,312	-	-	(12,418)	125	94,207	-	-	-	737,226
Subtotal	7,836,387	-	(314,443)	132,420	(75,088)	2,167,641	-	-	-	9,746,917
Other associates	1,253,524	9,783	(16,393)	276,563	(317,331)	79,443	18,720	(47,169)	-	1,257,140
Total	9,089,911	9,783	(330,836)	408,983	(392,419)	2,247,084	18,720	(47,169)	-	11,004,057
Held-for-sales assets	-									30,016
Associates	9,089,911									10,974,041

Associates and held-for-sales assets	Balance at 01/01/2019	Acquisitions ⁽⁶⁾	Dividends/JSCP recognized	Equity in earnings (losses)	Other equity in earnings (losses) ⁽¹⁾	Valuation adjustment to associates' equity	Reversal (recognition) of allowance for impairment losses	Effects of transfer to/from securities	Disposal	Balance at 12/31/2019
JBS ^{(2) (3)}	6,275,824	-	(1,306)	829,512	(570)	77,615	-	-	-	7,181,075
Tupy	602,386	-	(45,811)	85,044	42	13,651	-	-	-	655,312
Fibra ⁽⁴⁾	4,102,877	-	-	-	-	-	-	(2,051,439)	(2,051,438)	-
Marfrig ⁽⁵⁾	609,094	-	-	845,403	(37,883)	(829,269)	-	-	(587,345)	-
Subtotal	11,590,181	-	(47,117)	1,759,959	(38,411)	(738,003)	-	(2,051,439)	(2,638,783)	7,836,387
Other associates	1,634,138	57,280	(29,269)	53,476	(25,039)	(3,179)	(330,993)	-	(102,890)	1,253,524
Total	13,224,319	57,280	(76,386)	1,813,435	(63,450)	(741,182)	(330,993)	(2,051,439)	(2,741,673)	9,089,911
Held-for-sales assets⁽⁴⁾	4,102,877									-
Associates	9,121,442									9,089,911

⁽¹⁾ Includes the effects of the relative change in the percentage equity interests in associates and the amortization of the goodwill/bargain purchase of assets and liabilities determined on equity investments. In December 2020, BNDESPAR fully amortized the goodwill/bargain purchase on assets of a certain associate, included in line 'Other associates', which ceased to exist in the context of the associate's operations, totaling R\$277,766.

⁽²⁾ The equity in earnings (losses) of JBS includes the changes in the capital reserve recognized by the associate as a result of capital transactions. Additionally, in the year ended December 31, 2020 it includes the loss effect of the adoption by the associate of Brazilian accounting interpretation ICPC 22 *Uncertainty over Income Tax Treatments* totaling R\$414,606.

⁽³⁾ The change in 'Valuation adjustment to associates' equity' results mainly from the cumulative translation adjustment recognized by JBS in its shareholders' equity, due to the foreign exchange differences arising in translating the financial statements of its foreign subsidiaries. The change in 'Other equity in earnings (losses)' results from transactions involving treasury shares conducted by JBS and the consequent change in the percentage equity interest of BNDESPAR.

⁽⁴⁾ On January 14, 2019, the corporate reorganization that combined the operations and shareholding bases of Fibria and Suzano Papel e Celulose S.A. was completed, culminating in the loss of BNDESPAR's interest in Fibria. On January 1, 2019, in compliance with CPC 31 *Non-current Assets Held for Sale and Discontinued Operation*, the investment in Fibria was disclosed in line item 'Held-for-sale assets'.

⁽⁵⁾ In December 2019, BNDESPAR sold all of its equity interest in Marfrig and recorded a profit of R\$307,582 in the transaction.

⁽⁶⁾ Includes gain on bargain purchase of R\$28,349.

4.3.3. Unrecognized losses on investments in associates

When BNDESPAR's share in the losses of an associate is equal to the book value of the investment or higher, including any long-lived assets that are part of the investment in such associate ("net investment"), BNDESPAR does not recognize further losses, unless it has incurred legal or constructive obligations to make payments on behalf of the associate, which is not currently the case. Additionally, BNDESPAR does not have any obligation regarding possible contingent liabilities of its associate, whether in total or shared with other investors.

	2020	2019
Associates' unsecured liability - BNDESPAR % ⁽¹⁾	899,930	260,603
Losses not recognized in income (loss) for the year ⁽¹⁾	647,247	2,933

⁽¹⁾ Determined in the investment of associates where BNDESPAR does not hold material interests, disclosed in line item 'Other' in the tables above.

4.3.4. Impairment testing of investments in associates

In the year ended December 31, 2020, BNDESPAR reviewed the need to recognize an allowance for impairment losses on investments in associates, in accordance with CPC 01 (R1) *Impairment of Assets* and identified the need to reverse the loss allowance amounting to R\$18,720, net of the recognition of R\$55,933 (recognition of allowance of R\$330,993 in the year ended December 31, 2019, net of a reversal of R\$6,823).

5. DEBENTURES

The accounting treatment given to BNDESPAR's debentures is discussed in Note 19.4.1.

The table below shows the gross balances of debentures by category of financial instrument:

	2020	2019
Measured at fair value through profit or loss	1,732,359	2,755,394
Measured at amortized cost	2,241,411	2,695,401
Subtotal	3,973,770	5,450,795
(-) Allowance for expected credit losses - Measured at amortized cost	(13,502)	(10,481)
Total	3,960,268	5,440,314
Current	1,375,569	1,613,483
Noncurrent	2,584,699	3,826,831

The table below shows the gross balances of these transactions by maturity:

	2020		
	Measured at fair value through profit or loss	Measured at amortized cost	Carrying amount
Current:			
Up to 1 year	1,129,525	249,070	1,378,595
1 to 2 years	602,834	565,954	1,168,788
2 to 3 years	-	-	-
3 to 5 years	-	181,035	181,035
5 to 10 years	-	999,572	999,572
After 10 years	-	245,780	245,780
Total	1,732,359	2,241,411	3,973,770

	2019		
	Measured at fair value through profit or loss	Measured at amortized cost	Carrying amount
Current:			
Up to 1 year	1,380,833	234,595	1,615,428
1 to 2 years	630,680	268,080	898,760
2 to 3 years	638,581	646,637	1,285,218
3 to 5 years	-	169,974	169,974
5 to 10 years	-	1,154,418	1,154,418
After 10 years	105,300	221,697	326,997
Total	2,755,394	2,695,401	5,450,795

5.1. Floating income (hybrid) debentures privately and publicly placed

For BNDESPAR to be able to meet its corporate purpose, equity investment transactions are structured that result in certain debenture contracts to have embedded derivatives.

These derivatives are not intended to hedge equity investments nor contracted for speculative purposes; rather, they are options of conversion or exchange of those debentures into shares, posing no risk of loss due to leverage to BNDESPAR. Debentures measured at fair value are detailed in the table below.

	2020	2019
Debentures measured at fair value through profit or loss		
Convertible into/ exchangeable for shares listed in stock exchanges	1,201,219	2,516,540
Convertible into/ exchangeable for shares not listed in stock exchanges	531,140	238,854
Total	1,732,359	2,755,394
Current	1,129,525	1,380,833
Noncurrent	602,834	1,374,561

5.2. Changes in debentures measured at fair value classified into Level 3 of the fair value hierarchy:

	2020	2019
Balance at the beginning of the year	2,516,540	11,126
Reclassification of levels	(474,802)	2,484,742
Sale/ maturity of securities	(1,086,247)	-
Gains (losses) recognized in:		
Profit or loss for the year	(352,657)	20,672
Balance at the end of the year	602,834	2,516,540

6. UNITS IN INVESTMENT FUNDS

These investments are managed by private financial institutions. The units in such funds are measured at the values disclosed by the respective managers as of the reporting date.

For more information on the accounting treatment given to BNDESPAR's units in investment funds, see Note 19.4.1.

Fund	Administrator	2020	2019
Bozano Educacional II FIP	BRL Trust Investimentos Ltda.	333,488	423,734
VINCI Energia Sustentável FIDC	BRL Trust Investimentos Ltda.	254,957	178,557
Pátria Infraestrutura III FI FIP	Pátria Infraestrutura Gestão de Recursos Ltda.	191,348	255,737
Fundo Ag Angra Infra-Estrutura FIP	BEM – Distribuidora de Títulos e Valores Mobiliários Ltda.	155,810	144,426
Fundo BBI Financeiro I FMIEE	FinHealth Gestão de Recursos S.A	130,407	105,459
Brasil Sustentabilidade FIP	BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	127,557	125,999
Pátria Crédito Estruturado Fundo de Investimento em Dir	Intrag Distribuidora de Títulos e Valores Mobiliários Ltda.	86,976	-
Fundo de Investimento em Participações AVANTI	BRL Trust Investimentos Ltda.	80,894	74,958
Brasil Agronegócio FIP	BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	76,331	94,824
Performa Key De Inovação em Meio Ambiente FIP	Lions Trust Administradora de Recursos Ltda.	75,494	107,534
Capital Tech II FIP	BRL Trust Investimentos Ltda.	73,827	91,151
Fundo de Investimento em Participações CRIATEC II	Lions Trust Adm de Recursos Ltda.	70,075	62,525
Subtotal		1,657,164	1,664,904
Others		578,375	794,557
Total		2,235,539	2,459,461
Current		405,660	217,800
Noncurrent		1,829,879	2,241,661

6.1. Changes in units in investment funds classified into Level 3 of the fair value hierarchy:

	2020	2019
Balance at the beginning of the year	2,436,896	1,727,441
Reclassification from Level III to Level I	(423,734)	-
Acquisition of units	259,160	293,195
Redemption of units	(11,031)	-
Amortization	(477,406)	(51,012)
Gains and losses recognized in:		
Profit or loss for the year	39,737	7,691
Other comprehensive income	41,504	459,581
Closing balance	1,865,126	2,436,896

As of December 31, 2020, the changes in investment funds classified into Level 3 of the fair value hierarchy include assets measured at acquisition cost plus changes in equity in the amount of R\$76,430 (R\$67,970 as of December 31, 2019).

Segregation into fair value hierarchy levels of the balance of investments in units in investment funds is shown in Note 3.2.

7. TERM SALE OF SECURITIES AND RECEIVABLES

The accounting treatment given to credit sale of securities and receivables is discussed in Note 19.4.1.

The information on credit sale of securities and receivables is summarized below:

	2020	2019
Term sale of securities	1,109,176	1,033,791
Allowance for expected credit losses	(194,391)	(84,587)
	914,785	949,204
Receivables	920,509	859,566
Allowance for expected credit losses	(826,837)	(626,762)
	93,672	232,804
Total	1,008,457	1,182,008
Current	52,549	1,077,925
Noncurrent	955,908	104,083

The table below shows the gross balances of these transactions by maturity:

2020		2019	
Past due	-	Past due ^(*)	1,737,182
Current:		Current:	
Up to 1 year	172,781	Up to 1 year	41,891
1 to 2 years	840,418	1 to 2 years	16,102
2 to 3 years	78,850	2 to 3 years	13,993
3 to 5 years	157,956	3 to 5 years	24,407
5 to 10 years	777,538	5 to 10 years	37,794
After 10 years	2,142	After 10 years	21,988
Total	2,029,685	Total	1,893,357

^(*) The amounts were renegotiated with new maturity dates ranging between 2022 and 2029.

8. OTHER RECEIVABLES

8.1. Debtors for security deposits

Other Receivables substantially refer to administrative proceedings started by the Federal Revenue Service, to which BNDESPAR is a party, mostly questioning the non-inclusion of income arising from the sale of equity interests (sales) in the PIS and Cofins calculation base, in 2005. For all cases, BNDESPAR filed appeals and awaits a final decision.

These proceedings were assessed as possible loss, although deposits in the full involved amounts have been made. Such deposits were adjusted by inflation at the Selic rate and, as of December 31, 2020, amount to R\$742,902 (R\$728,777 as of December 31, 2019).

The total balance of debtors for security deposits, which include the abovementioned amounts, as of December 31, 2020 is R\$747,229 (R\$732,931 as of December 31, 2019).

8.2. Assignment of capitalization right

Refers to the right to capitalization in two corporate restructurings carried out by the corporate group to which associate Brasileira Participações belongs, which, among other steps, included the reduction of the associate's capital with the delivery to the shareholders, proportionately to their interests therein, of the right to capitalize the balance of the Special Goodwill Reserve recognized in the associate's balance sheet.

In both restructurings BNDESPAR assigned its right to Brasileira's controlling shareholder, AES Holdings Brasil Ltda. ("AES Brasil"). As consideration for the Assignment of the Capitalization Right, AES Brasil shall transfer to BNDESPAR, proportionately to its interest in the associate: (i) the cash amount received from the non-controlling shareholders who exercise their preemptive right in the capital increases; and (ii) the shares issued by AES Tietê and Eletropaulo that are not acquired by the non-controlling shareholders upon the capital increase. These rights are expected to be realized by 2028.

In May 2020, the total amount receivable on account of the assignment of capitalization rights, totaling R\$430,503, was reclassified from current to non-current assets due to its expected realization within more than 12 months.

It should also be noted that the total balance of the assignment of capitalization rights, which includes the aforementioned amounts, as of December 31, 2020 is R\$430,517 (R\$431,056 as of December 31, 2019).

8.3. Sundry

	2020	2019
Other receivables		
Unsettled transactions ⁽¹⁾	258,083	31,026
Reimbursable payments	619	617
Sundry	8,530	4,544
Total	267,232	36,187
Current	265,651	35,246
Non-current	1,581	941

⁽¹⁾ As of December 31, 2020, the amounts refer mostly to the sale of shares offsetable against the receivables recognized in line item 'Other liabilities for deposits to be allocated' (Note 11.3).

9. CHANGES IN AND EFFECTS ON PROFIT OR LOSS OF ALLOWANCE FOR EXPECTED CREDIT LOSSES

For details on the accounting policy adopted to measure the allowance for expected credit losses on financial assets, see Note 19.5.

9.1. Changes in the allowance for expected credit losses

	2020			
	Stage 1	Stage 2	Stage 3	Total
DEBENTURES				
Balance at the beginning of the year	9,973	508	-	10,481
Recognition / (reversal), net	3,001	47	-	3,048
Transfer among stages	(64)	37	-	(27)
Balance at the end of the year	12,910	592	-	13,502
TERM SALE OF SECURITIES				
Balance at the beginning of the year	328	-	84,259	84,587
Recognition / (reversal), net	253	-	107,668	107,921
Transfer among stages	(26)	-	1,909	1,883
Balance at the end of the year	555	-	193,836	194,391
RECEIVABLES				
Balance at the beginning of the year	-	-	626,762	626,762
Recognition / (reversal), net	-	-	200,075	200,075
Balance at the end of the year	-	-	826,837	826,837

	2019			
	Stage 1	Stage 2	Stage 3	Total
DEBENTURES				
Balance at the beginning of the year	8,848	1,440	-	10,288
Recognition / (reversal), net	871	29	-	900
Transfer among stages	254	(961)	-	(707)
Balance at the end of the year	9,973	508	-	10,481
TERM SALE OF SECURITIES				
Balance at the beginning of the year	470	-	243,193	243,663
Recognition / (reversal), net	(142)	-	(158,934)	(159,076)
Transfer among stages	328	-	84,259	84,587
Balance at the end of the year	-	-	180,418	180,418
RECEIVABLES				
Balance at the beginning of the year	-	-	446,344	446,344
Recognition / (reversal), net	-	-	626,762	626,762

9.2. Income (expense) from the allowance for expected credit losses

	2020	2019
Reversal / (recognition), net:		
Debentures	(3,048)	(900)
Term sale of securities	(107,921)	159,076
Receivables	(200,075)	(446,344)
Transfer among stages:		
Debentures	27	707
Term sale of securities	(1,883)	-
Receivables	-	-
Write-offs due to derecognition	(11)	(72,609)
Recovery of amounts formerly written off	2,846	204
Income (expense) recognized, net	(310,065)	(359,866)

10. FINANCIAL LIABILITIES

The accounting treatment given to BNDESPAR' financial liabilities is discussed in Note 19.4.2.

10.1. Fair value of financial liabilities

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Dividends payable	2,832,368	2,832,368	2,481,526	2,481,526

11. OTHER LIABILITIES

11.1. Income tax (IR) and social contribution (CSLL)

Taxes and respective rates applicable

Taxes are determined based on the prevailing tax legislation. BNDESPAR is subject to the following tax rates:

Taxes	Tax rate
Income tax - IRPJ (15% + 10% surtax)	25%
Social Contribution on Net Profit (CSLL)	9%
PIS/Pasep contributions ⁽¹⁾	1.65%
Social Security Financing Contribution - Cofins ⁽¹⁾	7.6%
Service tax (ISSQN)	Up to 5%

⁽¹⁾ For finance income and income from sales of equity interests, the PIS/Pasep rate is 0.65% and Cofins is 4%.

Current and deferred taxes are recognized in profit or loss, except when they are related to items recognized directly in equity, in Other Comprehensive Income (OCI), and are calculated using the rates determined based on the prevailing tax legislation, or that is substantially enacted as of the end of the reporting period.

For details on the tax aspects BNDESPAR is subject to, see Note 19.10.

11.1.1. Income tax and social contribution expense

The reconciliation of the income tax and social contribution expense determined at the statutory rates to the respective amounts recorded is as follows:

	2020	2019
Profit before income taxes	2,335,336	9,852,986
Total income tax and social contribution expenses (credits) at tax rates of 25% and 9%	(794,014)	(3,350,015)
Adjustments		
Share of profit (loss) of investees	109,499	620,461
Dividends of investments measured at cost or fair value	234,378	220,909
Changes in the recognition of deferred tax credits ⁽¹⁾	(149,138)	32,957
Other ⁽²⁾	35,591	384
Income tax and social contribution expenses presented in the income statement	(563,684)	(2,475,304)
Current taxes	(971,263)	(2,640,506)
Deferred taxes	407,579	165,202
Effective rate	24.1%	25.1%

⁽¹⁾ Arise mainly from changes in the expected realization of deductible temporary differences relating to prior years.

⁽²⁾ Refers primarily to other permanent differences.

	2020	2019
Total current taxes recognized in profit or loss	971,263	(2,640,506)
Prior-year adjustment	(285,033)	(1,942)
Portion of current taxes recognized in other comprehensive income	5,270,718	(1,589,942)
Current taxes owed in the year	5,956,948	(4,232,390)
(-) Prepayments	(5,820,919)	4,232,390
Taxes and contributions on income payable	136,029	-

(1) Refers to taxes on untimely interest on capital paid within the accrual period and recorded in the current year.

11.1.2. Deferred income tax and social contribution

(a) Balance of deferred tax assets and liabilities by nature and source

Assets	2020	2019	Basis for realization
Balancing entry in profit or loss			
, Allowance for losses on floating income securities	5,746,642	6,084,153	Sale of securities
, Provision for labor and civil risks	552,078	509,995	Final court decision
, Goodwill amortized	93,686	90,595	Sale of securities
, Adjustment to fair value of financial instruments	338,058	277,026	Sale of securities
, Allowance for expected credit losses	889,462	317,519	Receipt or loss incurred
, Others	36,285	53,549	
Subtotal	7,656,211	7,332,837	
Balancing item in equity			
, Actuarial loss - PAS	25,406	37,206	Payment of medical expenses
Subtotal	25,406	37,206	
Total deferred tax credits	7,681,617	7,370,043	

Liabilities	2020	2019	Basis for realization
Balancing entry in profit or loss			
, Adjustment to fair value of financial instruments	(44,426)	(128,631)	Sale of securities
, Bargain purchase gain	(61,561)	(61,561)	Sale of securities
, Others	(5,977)	(5,977)	
Subtotal	(111,964)	(196,169)	
Balancing item in equity			
, Adjustment to fair value of financial instruments - available for sale	(14,967,613)	(18,093,598)	Alienação dos títulos
Subtotal	(14,967,613)	(18,093,598)	
Total deferred tax liabilities	(15,079,577)	(18,289,767)	

(b) Changes in deferred tax assets and liabilities by nature and source

Assets	2019	Recognition	Realization	2020
Balancing entry to profit or loss:				
, Allowance for losses on floating income securities	6,084,153	43,275	(380,786)	5,746,642
, Provision for labor and civil risks	509,995	42,090	(7)	552,078
, Goodwill amortized	90,595	103,482	(100,391)	93,686
, Allowance for expected credit losses	317,519	1,816,918	(1,244,975)	889,462
, Adjustment to fair value of financial instruments	277,026	61,032	-	338,058
, Others	53,549	8,661	(25,925)	36,285
Subtotal	7,332,837	2,075,458	(1,752,084)	7,656,211
Balancing item to equity:				
, Actuarial loss - PAS	37,206	9,551	(21,351)	25,406
Subtotal	37,206	9,551	(21,351)	25,406
Total deferred tax credits	7,370,043	2,085,009	(1,773,435)	7,681,617

Liabilities	2019	Recognition	Realization	2020
Balancing entry to profit or loss:				
. Adjustment to fair value of financial instruments	(128,631)	(815,574)	899,779	(44,426)
. Bargain purchase gain	(61,561)	-	-	(61,561)
. Others	(5,977)	-	-	(5,977)
Subtotal	(196,169)	(815,574)	899,779	(111,964)
Balancing item to equity:				
. Adjustment to fair value of financial instruments - available for sale	(18,093,598)	-	3,125,985	(14,967,613)
Subtotal	(18,093,598)	-	3,125,985	(14,967,613)
Total deferred tax liabilities	(18,289,767)	(815,574)	4,025,764	(15,079,577)

(c) Deferred tax assets (liabilities), net

	2019	Effect on profit (loss)	Effect on equity	2020
Deferred tax credits	7,370,043	323,374	(11,800)	7,681,617
Deferred tax liabilities	(18,289,767)	84,205	3,125,985	(15,079,577)
Deferred tax assets (liabilities), net	(10,919,724)	407,579	3,114,185	(7,397,960)

	2018	Effect on profit (loss)	Effect on equity	2019
Deferred tax credits	7,811,683	(460,001)	18,361	7,370,043
Deferred tax liabilities	(15,327,251)	625,203	(3,587,719)	(18,289,767)
Deferred tax assets (liabilities), net	(7,515,568)	165,202	(3,569,358)	(10,919,724)

(d) Unrecognized deferred tax credits

As of December 31, 2020, BNDESPAR did not recognize tax credits in the amount of R\$825,511, of which R\$737,382 refer to tax credits recorded with a balancing entry to profit or loss (R\$719,217 as of December 31, 2019, of which R\$630,412 refer to tax credits recorded with a balancing entry to profit), since most of such tax credits are not expected to be realized in the next 10 years. Such credits may be recorded in the period they meet the required standards and/or are likely to be realized in a maximum term of 10 years.

(e) Expected realization of deferred tax assets and liabilities

2020					
	Tax credits	%	Tax liabilities	%	Net
2021	3,307,060	43.0%	(5,161,782)	34.2%	(1,854,722)
2022	1,862,849	24.3%	(4,562,817)	30.3%	(2,699,968)
2023	1,691,935	22.0%	(4,538,821)	30.1%	(2,846,886)
2024	52,069	0.7%	-	0.0%	52,069
2025	600,559	7.8%	-	0.0%	600,559
2026 to 2030	158,740	2.1%	-	0.0%	158,740
After 2030 ⁽³⁾	8,405	0.1%	(816,157)	5.4%	(807,752)
Total	7,681,617	100%	(15,079,577)	100%	(7,397,960)

⁽³⁾ Refers to tax credits recognized prior to Resolution No. 3,355/2006.

2019					
	Tax credits	%	Tax liabilities	%	Net
2020	1,638,278	22.2%	(4,563,066)	24.9%	(2,924,788)
2021	2,424,743	32.9%	(4,464,922)	24.5%	(2,040,179)
2022	1,370,746	18.6%	(4,423,911)	24.2%	(3,053,165)
2023	1,347,662	18.3%	(4,415,725)	24.1%	(3,068,063)
2024	538,597	7.3%	-	0.0%	538,597
2025 to 2029	41,612	0.6%	-	0.0%	41,612
After 2029 ⁽³⁾	8,405	0.1%	(422,143)	2.3%	(413,738)
Total	7,370,043	100.0%	(18,289,767)	100.0%	(10,919,724)

⁽³⁾ Refers to tax credits recognized prior to Resolution No. 3,355/2006.

11.1.3. Recoverable taxes

Recoverable taxes and contributions and prepayments are as follows:

	2020	2019
Income tax (IRPJ) and social contribution (CSLL)	-	530,843
Withholding income tax	90,610	154,478
Others	1,537	1,737
Total Current Assets	92,147	687,058

11.2. Provisions for labor and civil risks

BNDESPAR is a party to various labor and civil lawsuits arising from the normal course of its business.

For information on the regulation and BNDESPAR's accounting policy applied to these lawsuits, see Note 19.11.

The provision recognized was considered by Management as sufficient to cover potential losses.

The provisions recognized, by nature, are as follows:

	2020	2019
Labor lawsuits	14,370	13,231
Civil lawsuits	1,609,388	1,486,754
Total	1,623,758	1,499,985
Current	36	-
Noncurrent	1,623,722	1,499,985

As of December 31, 2020, these provisions are expected to be realized in the following years:

	Labor lawsuits	Civil lawsuits
2021	-	36
2022	13,034	-
2023	756	3,039
2024	59	31
2025	521	1,606,282
Total	14,370	1,609,388

(a) Labor provisions

Labor provisions reflect the probable loss classification of seven ongoing lawsuits, which refer basically to lawsuits related to lawsuits claiming inclusion of bonuses in salaries, profit sharing, joint and several liability of the Bank due to the shareholding interests in BNDESPAR, and Amnesty Law adjustment (Administrative Reform of the Collor Administration).

Changes in labor claims during the year:

	2020	2019
Balance at the beginning of the year	13,231	12,372
Payments	-	(456)
Recognitions	1,158	1,631
Reversals	(19)	(316)
Balance at the end of the year	14,370	13,231

As of December 31, 2020, there were 11 ongoing lawsuits classified in the possible loss category, totaling an estimated R\$2,221, which refer to retirement supplementation, administrative reform adjustment of the Collor Administration, and overtime. As of December 31, 2019, there were 16 ongoing lawsuits classified in the possible loss category, totaling an estimated R\$2,506, which refer to retirement supplementation, administrative reform adjustment of the Collor Administration, and overtime.

(b) Civil provisions

Civil provisions reflect the probable loss classification of six lawsuits. The main claims refer to compensation for sale of control of companies in the context of the Federal Privatization Program or privatizations carried out the Federal Government and implemented by BNDES as manager of National Privatization Program ("PND"), in addition to claims involving contractual matters.

One of the main claims refers to a lawsuit filed in 1995, arising from a privatization auction held in 1989.

Changes in the provisions for civil risks in the year:

	2020	2019
Balance at the beginning of the year	1,486,754	1,404,840
Payments	-	-
Recognitions	122,634	82,003
Reversals	-	(89)
Balance at the end of the year	1,609,388	1,486,754

As of December 31, 2020, there were 16 ongoing lawsuits classified in the possible loss category, totaling an estimated R\$1,253,602, which refer to contractual issues (revision of shareholders' agreement). As of December 31, 2019, there were 16 ongoing lawsuits classified in the possible loss category, totaling an estimated R\$1,443,461, which refer to contractual issues (revision of shareholders' agreement).

11.3. Other sundry payables

	2020	2019
Unallocated deposit obligations ⁽¹⁾	73,856	38,187
Administrative expenses payable	126,621	78,649
Sundry	50,919	48,404
Total	251,396	165,240
Current	251,396	165,240
Non-current	-	-

⁽¹⁾ As of December 31, 2020, the amounts refer to unrecognized receivables arising from rights accrued in net income, associated with the gains on the sale of shares.

12. RELATED PARTIES

BNDESPAR has relationship and transactions with entities considered related parties, as required by Technical Pronouncement CPC 05, approved by CVM Decision No. 560/2008.

12.1. Transactions with the controlling shareholder

The transactions conducted with the controlling shareholder are summarized below:

	2020	2019
Assets		
Repurchase agreements ^{(1) (2)}	38,923,297	31,463,224
Liabilities		
Dividends payable	2,832,368	2,481,526
Other sundry payables	126,621	78,649
Finance income		
Repurchase agreements	873,787	1,721,524
Expenses:		
Other expenses	(172,553)	(84,924)

⁽¹⁾ Investments in repurchase agreements with the controlling shareholder are considered as cash and cash equivalents, according to the accounting policy described in Note 19.9.

⁽²⁾ Does not include the adjustment to fair value of certain securities marked to market due to the adoption of CPC 48 – Financial instruments by BNDESPAR, not ratified by Bacen.

12.2. Transactions with other Government Agencies

In addition to the transactions with its only shareholder, in the course of its business, BNDESPAR has operations with other federal government agencies, thus, under common control, such as the Northeast Investment Fund (FINOR).

The balances of significant transactions with these entities are summarized below:

	2020	2019
Assets		
Units in investment funds	36,925	22,565

BNDESPAR also has investments in companies under common control, as detailed in Note 4.2.

12.3. Transactions with Fundação de Assistência e Previdência Social do BNDES – FAPES

BNDESPAR does not conduct any transactions with FAPES, other than those related to the management of the Pension and Survivors Pension Plan and the Medical Care and Welfare Fund. The outstanding balances with FAPES, summarized below, are broken down in Note 13.1:

	2020	2019
Liabilities		
Actuarial liabilities - Basic Benefit Plan - PBB	378,025	379,583
Actuarial liabilities - Assistance and Healthcare Plan - PAS	486,872	494,297
Equity		
Other comprehensive income (loss) - PBB	(130,637)	(146,394)
Other comprehensive income (loss) - PAS	(203,285)	(231,373)
Profit (loss)		
Basic Benefit Plan - PBB	(14,196)	(24,708)
Assistance and Healthcare Plan - PAS	(20,663)	(22,457)

12.4. Transactions with associates

BNDESPAR has investments in associates, as detailed in Note 4.3. As of December 31, 2020 and 2019, BNDESPAR did not have any transactions with associates other than the capital contributions made in the investees and the dividends and interest on capital received.

12.5. Employee and key management personnel compensation

Costs on compensation and other benefits granted to BNDESPAR's key management personnel (members of the Board of Directors and Supervisory Board):

	2020	2019
Short-term benefits:		
Payroll and related taxes	220	769

Below is information on the highest and lowest compensations (fixed monthly salary, free of social security charges) paid to BNDESPAR's key management personnel and employees in the years:

	2020		2019	
	Management	Employees	Management	Employees
Highest salary	8.10	76.79	8.13	75.65
Lowest salary	8.10	4.56	8.09	4.16
Average salary	8.10	27.85	8.11	27.5

BNDESPAR does not grant share-based compensation or other long-term benefits to its key management personnel.

Post-employment benefits are restricted to BNDESPAR's employees.

BNDESPAR does not grant loans to its management key personnel – officers and members of the Board of Directors and Supervisory Board.

The Extraordinary General Meeting held on March 23, 2020 approved an amendment to BNDESPAR's Bylaws, which prescribes that BNDESPAR's Board of Directors and Supervisory Board shall consist of the members of the equivalent Board of Directors and Supervisory Board of BNDES, and shall not be entitled to any compensation for working as BNDESPAR's board members.

Profit Sharing

Breakdown of expenses on profit sharing:

	2020	2019
Management members (Annual Variable Compensation - AVC)	489	339
Accrual before the apportionment among BNDES System companies	-	-
Apportionment among BNDES System companies ⁽¹⁾	489	339
Employees	76,798	41,406
Accrual before the apportionment among BNDES System companies	2,488	2,102
Apportionment among BNDES System companies ⁽¹⁾	74,310	39,304
Total	77,287	41,745

⁽¹⁾ An agreement with BNDES System companies was made to centralize corporate activities and other core activities necessary for BNDES's subsidiaries to meet their institutional objectives, resulting in cost reduction. To ensure that the results of each company individually is not misstated, due to the centralization of the activities and, consequently, centralization of costs, a monthly apportionment criteria was established for these administrative and personnel expenses, which, among others, include expenses on Management members' profit sharing. As set forth in BNDESPAR's bylaws, its Executive Board is composed of the same members as those of BNDES's Executive Board.

Changes in the balances accrued for employee profit sharing arising from payments, adjustments and new accruals:

	2020	2019
Balance at the beginning of the year	2,102	1,423
Adjustment to accrual balance	(47)	1,475
Payments made	(2,055)	(2,898)
Accrual for the year	2,488	2,102
Balance at the end of the year	2,488	2,102

Information on the highest and lowest profit sharing paid to BNDESPAR's employees in the years:

	2020	2019
Highest profit sharing	167.50	162.67
Lowest profit sharing	10.10	9.37
Average profit sharing	58.70	64.40

13. EMPLOYEE BENEFIT OBLIGATIONS

For information on pension plans (Basic Benefit Plan – PBB) and healthcare plans (Assistance and Health Plan – PAS) and other benefits granted to BNDESPAR's employees, see Note 19.12.

13.1. Actuarial liabilities – pension and health care plans

The obligations recognized in balance sheets related to the pension (PBB) and healthcare (PAS) plans are as follows:

	2020	2019
Actuarial liabilities - PBB	378,025	379,583
Actuarial liabilities – PAS	486,872	494,297
Total	864,897	873,880
Current	62,892	51,178
Actuarial liabilities – PBB	45,468	33,450
Actuarial liabilities – PAS	17,424	17,728
Noncurrent	802,005	822,702
Actuarial liabilities – PBB	332,557	346,133
Actuarial liabilities – PAS	469,448	476,569

13.1.1. Basic Benefit Plan - PBB

The PBB appraisal prepared by an external actuary as of November 30, 2020 and revised for December 31, 2020 is as follows:

	2020	2019
Present value of actuarial obligation	2,471,057	2,153,322
Fair value of plan assets	(1,715,007)	(1,773,739)
Present value of obligations not covered by assets	756,050	379,583
Effect of shared risk	(378,025)	-
Present value of the Sponsor's obligations, net	378,025	379,583

Beginning December 31, 2020, the actuarial liabilities of the PBB, or the present value of the defined benefit (DB) obligation, started to be recognized in the financial statements at the amount of 50% of the present value of the gross actuarial liability above the fair value of the plan's assets as a result of the adoption of risk sharing with participants, based on a study requested in 2020 by the Board of Directors of the BNDES Group. Previously, the present value of the defined benefit obligation was recognized as the present value of the net actuarial liability of participants' contributions provided for in the funding plan in effect above the fair value of the plan's assets, which is equivalent to recognizing a 50% parity in participant and sponsor contributions as provided for in the funding plan and 100% of any unsecured deficit, as a result of adopting the CPC 33 assumptions.

Said study presented new information and drew on further past experience on the matter. The study showed that the process had matured, especially from the legal certainty standpoint and the alignment with the application of the most recent accounting policy, where the contribution parity was strictly observed in the cases of the last deficit coverage, by means of equal nonrecurring contributions from the sponsor and the beneficiaries, and recent legal theses that rule out the risk of court decisions affecting the balance of the supplementary pension plans or requiring BNDES Group sponsors to bear the nonrecurrent funding single handedly, and the remote likelihood of the sponsors' assuming costs higher than the contribution parity set forth in Supplementary Law 108/2001.

The effect arising from adopting risk sharing was classified as a "change in estimate", in light of the provisions of CPC 23 *Accounting Policies, Changes in Accounting Estimates and Errors*, based on the conclusion of the study carried out in the 4th quarter of 2020, and recognized in valuation adjustments to equity, in other comprehensive income in Shareholders' equity.

Changes in the present value of the actuarial liability and the fair value of the PBB's assets

The changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Present value at the beginning of the year	2,153,322	1,846,449
Current service cost	1,735	1,721
Interest cost	157,762	170,449
Plan participants' contributions	739	733
Benefits paid	(135,698)	(131,774)
Actuarial losses (gains)	69,285	265,744
Change in assumptions (wage increase rate)	(376)	-
Change in assumptions (discount rate)	(28,235)	322,280
Change in assumptions (biometric tables)	106,259	37
Adjustment for past experience	(8,363)	(56,573)
Effect of the changes in estimate for risk sharing*	223,912	-
Present value of actuarial liability at the end of the year**	2,471,057	2,153,322

* To use risk sharing it is necessary to deduct contributions from participants in the projection of the actuarial liability in order to calculate the present value of the gross obligation, without discounting contributions.

** In 2020, present value at the end of the year with risk sharing.

Changes in fair value of plan assets are as follows:

	2020	2019
Fair value at the beginning of the year	1,773,739	1,425,196
Interest income	129,181	131,563
Return on plan assets, less interest	(69,074)	332,122
Contributions received from employer*	16,120	15,899
Contributions received from participants**	739	733
Benefits paid	(135,698)	(131,774)
Gross benefits	(151,079)	(146,940)
Contributions deducted from beneficiaries**	15,381	15,166
Fair value at the end of the year	1,715,007	1,773,739

*Correspond to contributions for active employees, beneficiaries, and debt contract (currently suspended).

**Contributions received from the participants (active employees) and deducted from beneficiaries.

The expected contribution to the supplementary retirement pension plan for the next 12 months is approximately R\$16,692.

The average duration of the actuarial liability is 20.64 years as of December 31, 2020 (20.53 years as of December 31, 2019).

The table below shows the estimated benefits payable as of December 31, 2020 for the coming years:

PBB Plan	Up to 1 year	1-2 years	2-3 years	3-5 years	5-10 years	After 10 years	Total
BNDESPAR	165,597	164,895	164,023	324,421	781,968	2,229,969	3,830,873

Impact on net income and shareholders' equity

The amounts recognized in the statement of income are as follows:

Net income for the year	2020	2019
Current service cost	(1,735)	(1,721)
Interest cost	(157,762)	(170,449)
Interest income on assets	129,181	131,563
Subtotal	(30,316)	(40,607)
Contributions received from employer	16,120	15,899
Total	(14,196)	(24,708)

The amounts recognized in other comprehensive results, in the shareholders' equity, are shown in the table below.

Shareholders' equity - other comprehensive income	2020	2019
Balance at the beginning of the year	(146,394)	(212,772)
Actuarial (losses) gains	(69,285)	(265,744)
Return on plan assets, less interest	(69,074)	332,122
Effect of the changes in estimate for risk sharing ⁽¹⁾	154,116	-
Closing balance	(130,637)	(146,394)

⁽¹⁾ The sponsor's share of present value of obligations not funded by plan assets less the effect of change in estimate for risk sharing on the present value of the actuarial liability.

PBB's assets, by level of measurement, are as follows:

Assets by category	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment funds	7,308	1,537,207	49,538	1,594,053	259,598	771,398	624,673	1,655,669
Shares	940	58,282	-	59,222	93,114	-	-	93,114
Multimarket	-	1,478,925	-	1,478,925	166,484	771,398	572,839	1,510,721
Equity interests	-	-	49,538	49,538	-	-	51,834	51,834
Real estate funds	6,368	-	-	6,368	-	-	-	-
Properties ⁽¹⁾	-	-	112,135	112,135	-	105,408	-	105,408
Leased to third parties	-	-	103,099	103,099	-	93,865	-	93,865
Leased to Sponsors	-	-	9,036	9,036	-	11,543	-	11,543
Borrowings and financing	-	-	50,583	50,583	-	-	48,858	48,858
Subtotal	7,308	1,537,207	212,256	1,756,771	259,598	876,806	673,531	1,809,935
Other assets (liabilities) not measured at fair value ⁽²⁾				9,877				11,268
Other deductions ⁽³⁾				(44,249)				(43,850)
Total 08/31/2020 and 11/30/2019				1,722,399				1,777,353
Adjustment for the base date ⁽⁴⁾				(7,392)				(3,614)
Total				1,715,007				1,773,739

⁽¹⁾ The fair value of the properties occupied and used by FAPES amounts to R\$2,002 as of December 31, 2020 (R\$1,966 as of December 31, 2019).

⁽²⁾ Sum of Cash equivalents + Advances and Judicial deposits + Other receivables.

⁽³⁾ Sum of Operating liabilities + Contingent liabilities + Funds.

⁽⁴⁾ Projection of the fair value of the plan assets as of 11/30/2020 for 12/31/2020. Addition of the average monthly contribution received, deduction of the average monthly benefit paid and equity yield at Selic rate prevailing on 12/31/2020.

Sensitivity analysis

The table below shows how the defined benefit obligation would have been affected by the change in each relevant actuarial assumption, individually. The sensitivity analysis was performed for the discount rate assumptions (1% p.a. in the rate adopted), salary growth (1% p.a. in the rate in effect), mortality tables (1 year in the death likelihood), using the same method and database adopted in the calculation of the obligations.

Significant Actuarial assumption	Amount of the impact on actuarial obligation	% change on actuarial obligation
Actuarial discount rate		
1% p.a. increase	(233,748)	-9.46%
1% p.a. decrease	277,904	11.25%
Mortality table		
1 year increase in age	63,178	2.56%
1 year decrease in age	(64,199)	-2.60%
Salary growth rate		
1% p.a. increase	1,027	0.04%
1% p.a. decrease	(979)	-0.04%

Payables - FAPES

The additional liability refers to Debt Confession Agreements entered into with the Sponsors of the Basic Benefit Plan (PBB), with a fixed repayment term, through monthly payments, totaling thirteen (13) installments per year, calculated using the Price System and subject to annual interest equivalent to an actuarial rate of 6% p.a. plus the administrative costing rate and inflation adjustment, which occurs at the same time and is prorated to the sponsors' employees' salary increases or general changes. Therefore, the contracted debt is recognized as an additional liability when the net liability is determined. The actuarial liabilities include the balances of these agreements.

The balance of these debts is as follows:

	2020	2019
2002 agreements (a)	171,691	158,902
2004 agreements (b)	15,930	15,022
Total	187,621	173,924

(a) Refers to the agreement between the companies that are part of BNDES System and their employees involving the recognition of changes in working hours, pursuant to Law No. 10,556, of November 13, 2002, which resulted in a 16.67% increase in the participants' contribution salary, directly impacting the benefit plan's mathematical reserves. For partial funding of the increase in such reserves in 2002, agreements providing for the debt amortization in 390 installments were entered into. The payment began in January 2003.

(b) Refers to conversion of the mathematical reserves to be recognized (in compliance with Bacen recommendation), which were being amortized on a monthly basis since November 1998 through extraordinary contributions, into debt acknowledged by the sponsors, due in November 2018.

Under a preventive cautionary decision of the Federal Court of Auditors (TCU) (case No. TC-029.845/2016-5), of July 18, 2017, the payments corresponding to the debt acknowledgment contracts of 2002 and 2004 are suspended. FAPES filed for an injunction with the Federal Supreme Court against the decision of the TCU's rapporteur, which was overruled in a decision by a single justice and later unanimously overruled by the court. It also initiated judicial collection of the suspended payments under the 29th Federal Court, Rio de Janeiro (not having obtained a favorable decision to date).

Additional considerations

(a) Collection suit started by FAPES to finance events occurred from 1988 a 2009

FAPES claimed PBB's sponsors (BNDES System companies) to acknowledge the existence of additional debt amounts in relation to those under the existing agreements, due to interpretation/revision of the clauses under those agreements and events occurred in the period from 1988 to 2009, which, in FAPES's view, required the historical revision of the plan costs.

On 12/30/2014, BNDES's Management expressed its position on the matters and conditioned the acknowledgement of such additional debt amounts to the appraisal and approval of the Secretariat for Coordination and Governance of State-owned Companies (SEST), which was not confirmed. On 07/26/2016, SEST issued an opinion that was unfavorable to the payment of the amounts claimed by FAPES.

In July 2016, FAPES filed a collection suit with the Federal Court of Rio de Janeiro. On 11/24/2016, FAPES's Executive Board informed the participants and plan beneficiaries that, at the Sponsors' request, the suit had been suspended for six (6) months by the 29th Federal Court so that the different aspects challenging the sustainability of the PBB plan managed by FAPES could be discussed in a more comprehensive manner. In May 2017, the suspension term was renewed for an additional six (6) months. On 01/31/2018, after the additional suspension term had elapsed, BNDES System submitted an objection. On 05/03/2018, BNDES claimed that an actuarial investigation was made, and FAPES requested a financial-economic inspection to support the impacts caused on PBB arising from the defendants' actions. Subsequently, the Hon. Judge recused herself and the case was distributed, the Hon. Judge of the 23rd Court, who also reached the conclusion that the case was not under her jurisdiction either and, on August 14, 2018, it was suspended until the no conflict of jurisdiction claim was judged by the 2nd Region Federal Court (TRF2). The conflict of jurisdiction claim was judged and the case was sent to the 29th Federal Court of Rio de Janeiro. BNDES with adding the Federal Government's as a party to the suit. On August 27, 2020, the head judge of the 29th Federal Court recused herself again. FAPES appealed stating that there was already a decision on the recusal. The appeal is pending decision.

BNDES assessed the risk of loss as remote. Therefore, no provision was recorded for potential loss on this litigation.

(b) Action plan to refund the amounts contributed to FAPES in 2009 and 2010

The Federal Accounting Court, in proceeding TC-029.058/2014-7, ,Appellate Court Decision 2,766/2015, of 10/28/2015, determined BNDES to submit in up to ninety (90) days an action plan mentioning the measures to be taken to refund the adjusted amounts transferred to FAPES when one-way contributions, with no equal contributions by beneficiaries, were made, namely, R\$395,262 in June 2009, R\$11,479 in July 2010, and R\$40,924 in August 2010, which were considered non-compliant with Paragraph 3 of art. 202 of the Federal Constitution, and Paragraphs 1 and 3 of art. 6 of Supplementary Law No. 108/2001. The respective amounts shall be refunded in no later than thirty-six (36) months. After motions for clarifications and resettlement were analyzed, the decision was maintained by the Federal Accountant Court (TCU). On 06/07/2018, after obtaining a regular extension of that term, BNDES submitted the last version of its action plan to the Federal Accountant Court, only ratified in February 2019. In order to comply with the TCU's decision, BNDES, as the controlling shareholder, issued a Letter dated April 8, 2019, communicating the TCU decision.

In 2019, FAPES filed a lawsuit, by common procedure, against the Federal Government and the BNDES to annul the TCU's decision that required the reimbursed of the unilateral contributions made to the PBB in 2009 and 2010. BNDES filed an objection and a counterclaim for the purpose of collecting said amounts. On August 22, 2019 a conciliation hearing was held without the parties reaching an agreement and the court determined to proceed with the suit. FAPES then filed defense arguments against the contribution reimbursement requests. Currently, the lawsuit is at its initial stage and it is not possible to determine how long it will last or when the decision will be awarded.

Despite the collection attempts made, these reimbursements are being treated as contingent assets and thus not accounted for.

13.1.2. Assistance and Healthcare Plan - PAS

The amounts recorded in the balance sheet as post-employment benefit obligations are as follows:

	2020	2019
Present value of unfunded obligations	486,872	494,297
Net liabilities	486,872	494,297

Changes in the balance of the liability are as follows:

	2020	2019
Balance at the beginning of the year	494,297	369,719
Current cost of service	2,479	2,430
Cost of interest on obligations	37,353	34,130
Benefits paid	(19,169)	(14,103)
Actuarial (gains) losses	(28,088)	102,121
Change in assumptions (discount rate)	(7,861)	99,164
Experience adjustment	(54,843)	2,726
Change in assumptions (biometric tables)	34,616	231
Present value at the end of the year	486,872	494,297

Amounts recognized in the income statement are as follows:

Profit (loss)	2020	2019
Current cost of service	(2,479)	(2,430)
Cost of interest on obligations	(37,353)	(34,130)
Subtotal	(39,832)	(36,560)
Benefits paid (current)	19,169	14,103
Total	(20,663)	(22,457)

The amounts recognized in the Other comprehensive income are as follows:

Equity - Other comprehensive income	2020	2019
Balance at the beginning of the year	(231,373)	(129,252)
Actuarial (losses) gains	28,088	(102,121)
Balance at the year of the year	(203,285)	(231,373)

BNDESPAR's expected contributions to the post-employment assistance and healthcare benefit to be granted over the next 12 months will be approximately R\$19,537.

The average duration of the actuarial obligation is 29.08 years as of December 31, 2020 (28.33 years as of December 31, 2019).

The table below shows the estimated benefits payable for the next years as of December 31, 2020:

PAS Plan	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 to 10 years	After 10 years	Total
BNDESPAR	19,537	20,614	21,430	45,636	128,158	753,717	989,092

Sensitivity analysis

The table below shows how the liability would have been affected by the change in each actuarial assumption that is significant on an individual basis. A sensitivity analysis was made for the discount rate assumptions (1% p.a. in the rate adopted), mortality tables (1 year for death probability) and medical costs (1% p.a. in the rate adopted), using the same method and data base as those adopted in calculating the liabilities.

Significant actuarial assumption	Impact on the actuarial liability	% Change on the actuarial liability
Actuarial discount rate		
Increase of 1% p.a.	(63,114)	-12.96%
Decrease of 1% p.a.	79,617	16.35%
Mortality table		
1 year increase in age	21,961	4.51%
1 year decrease in age	(21,444)	-4.40%
Rate of increase in medical costs		
Increase of 1% p.a.	77,501	15.92%
Decrease of 1% p.a.	(62,838)	-12.91%

13.1.3. Actuarial and economic assumptions

Every actuarial calculation involves projections of certain parameters, such as: Salaries, interest, inflation, behavior of INSS benefits, mortality, disability, among others. No actuarial outcome can be analyzed without the prior knowledge of the assumptions scenario used in the valuation. The following economic assumptions were used in the valuations:

	2020	2019
Benefits considered	All regulatory benefits	All regulatory benefits
Actuarial valuation method	Projected Unit Credit	Projected Unit Credit
Qualified mortality table	AT 2012 - Basic	AT 2000 - Basic
Disability mortality table	AT 49 Male	AT 49 Male
Disability table	Álvaro Vindas table reduced by 60%	Álvaro Vindas table reduced by 60%
Effective future salary increase rate		
Technical Group	3.24% p.a.	3.33% p.a.
Support Group	2.91% p.a.	3.43% p.a.
Notional future salary growth rate		
Technical Group	6.91% p.a.	7.00% a.a.
Support Group	6.56% a.a.	7.10% a.a.
Notional discount rate	7.16% p.a.	7.05% a.a.
Inflation rate	3.55% a.a.	3.55% a.a.
Expected return on supplementary pension plan assets	7.16% a.a.	7.05% a.a.
Real trend rate of medical costs	5.00% a.a.	5.00% a.a.

The actual rate used to discount the PBB's post-employment benefit obligations to present value was 3.49% p.a., corresponding to the NTN-B (Brazilian T-Bills) benchmark rate, traded on December 21, 2020 on Tesouro Direto's website, maturing on May 15, 2035, the closest to the plan's average duration, considered in the actuarial evaluation. The same security recorded a rate of 3.38% p.a. on 12/31/2020, which represents 0.11 percentage points decrease compared to the discount rate used.

13.1.4. Lawsuits and Contingencies

		2020		2019	
		PBB	PAS	PBB	PAS
Classification: Probable	Amount	24,603	161	15,192	-
	Number	26	6	20	-
Classification: Possible	Amount	65,246	254	48,419	185
	Number	76	11	80	20

The lawsuits assessed as probable losses are recorded in FAPES contingent liabilities. These lawsuits total R\$24,603 in PBB and refer to claims for incorporation of bonus and overtime recalculation; discount received by way of pension to supplement benefit to deceased participant; request to supplement pension due to death and labor claim. In the PAS, lawsuits total R\$161 and refer to requests to add dependents to the healthcare plan, homecare services, and reimbursement for clinical text made.

According to CMN Resolution No. 3,823/2009, for possible losses, FAPES does not recognize a provision; the involved amounts are disclosed in an explanatory note. These lawsuits amounted to R\$65,246 in PBB and refer to various matters, mostly related to the Basic Benefit Plan Regulation, especially to the interpretation of articles and requests for the increase in retirement supplementation. In the PAS, correspond to R\$254 and refer to the request to add dependents to the healthcare plan and compensations for damages and breach of contract.

13.2. Termination benefits

BNDESPAR recognizes termination benefits when it can be evidenced that the entities are committed to the dismissal of current employees according to a detailed formal plan, which may not be suspended or canceled, or the grant of severance benefits as a result of an offer made to encourage voluntary dismissal.

13.3. Other benefits

	2020	2019
Meal voucher	18,864	12,746
Educational allowance	8,247	5,879
Total	27,111	18,625

14. EQUITY

14.1. Capital

As of December 31, 2020 and 2019, subscribed and paid-in capital is R\$60,344,504, represented by 1,000,000 registered common shares, without par value, belonging to BNDES.

BNDESPAR's capital may be increased upon resolution by the General Shareholders Meeting up to the maximum authorized capital under BNDESPAR's bylaws, that is, R\$100 billion, without issuing new shares.

14.2. Valuation adjustments to equity

	2020	2019
Cumulative translation adjustment – recoded by associate	3,199,459	1,068,567
Adjustment – other comprehensive income – recoded by associate	9,232	(125,296)
Adjustment – other comprehensive income – own – actuarial liability, net of taxes (Notes 11.1.2 and 12.3)	(308,523)	(340,562)
Measurement of financial assets at fair value through other comprehensive income	29,320,450	35,612,408
Of own receivables	29,350,647	35,624,880
Of associates' receivables	(30,197)	(12,472)
Total	32,220,618	36,215,117

14.3. Net income adjusted for gains on realization of equity instruments

The table below shows net income for the year adjusted by the realization of equity instruments designated at fair value through other comprehensive income (FVTOCI):

	2020	2019
Net income for the year	1,694,365	7,335,937
Gain on the realization of equity instruments (CPC 48) ⁽¹⁾	10,231,394	3,112,594
Realized net income for the year	11,925,759	10,448,531

⁽¹⁾ Amount transferred from other comprehensive income to retained earnings (accumulated losses).

14.4. Payment of dividends

In 2020, BNDESPAR paid the following dividends:

2020				
Event	Reporting year	Declared amount	Amount paid ⁽¹⁾	Means of payment
Mandatory dividends	2019	2,481,526	2,519,856	Cash
Additional dividends	2019	6,599,084	6,701,015	Cash
Additional dividends	2018	1,918,740	1,951,031	Cash
Total		10,999,350	11,171,902	

⁽¹⁾ Includes adjustment using the SELIC rate (Central Bank's policy rate) from the date of the relevant net income to the actual payment date

2019				
Event	Reporting year	Declared amount	Amount paid ⁽¹⁾	Means of payment
Mandatory dividends	2018	1,377,937	1,413,322	Cash
Additional dividends	2018	1,929,112	1,978,652	Cash
Total		3,307,049	3,391,974	

14.5. Net income allocation and profit distribution

	2020	2019
Net income for the year	1,694,365	7,335,937
Realization of equity instruments designated against retained earnings	10,231,394	3,112,594
Allocated amounts	11,925,759	10,448,531
Allocation of net income for the year		
Legal reserve - 5%(1)	596,288	522,427
Bylaws reserve(2)	824,135	845,494
Mandatory minimum dividend(3)	2,832,368	2,481,526
Proposed additional dividends	7,672,968	6,599,084

(1) Limited to 20% of the capital stock, or, at the BNDES's discretion, this reserve is no longer increased when its balance plus the balance of capital reserves reaches 30% of share capital.

(2) Reserve for harmonization of accounting policies, see Note 19.8.2.

(3) 25% of the adjusted net income after the recognition of the legal reserve, see Note 19.8.1.

15. RISK MANAGEMENT

The risk management of companies in BNDES System is an evolving process. The work is developed to promote the continuous improvement of risk control policies, processes, criteria and methodologies.

BNDES System's risk management and internal control structure is comprised of the following bodies: Board of Directors, Board of Executive Officers, Audit Committee, Risk Committee; Market Risk, Credit Risk and Operational Risk Management, and Internal Control and Integrity Committees; and units dedicated to risk management and internal control.

BNDESPAR's risk management policies are described in Note 19.13.

Operational Risk

BNDES currently uses the Basic Indicator Approach as the methodology for calculating the portion of risk-weighted assets related to operational risk (RWA_{OPAD}), according to procedures established in BACEN Circular 3,640/2013.

The RWA_{OPAD} portion decreased to R\$37,814,843 as of December 31, 2020 from R\$43,896,228, as of December 31, 2019. The portion decrease was due to the significant reduction of the Exposure Indicator (EI) for the second half of 2019, considered only in the calculation of the portion effective as of December 31, 2020. The EI corresponds to the sum of the amounts of revenue from financial intermediation and services provided, less financial intermediation expenses.

Market risk

Market risk exposure

Below is a comparative table showing the exposures to interest rate risk, currency risk and price risk, for December 31, 2020 and 2019:

Risk group	Financial Instrument / Risk factor	Exposure in 2020	Exposure in 2019
Fixed income transactions			
Interest	Selic / DI	(2,751,775)	(1,486,582)
Interest	TJLP	728,602	929,101
Interest	Fixed	-	1,877,526
Interest	IGPM	531,140	238,854
Interest	IPCA	1,606,033	3,188,306
Interest	TR	(1,623,758)	(1,499,985)
Forex	Foreign currency	145,225	125,154
Floating rate transactions			
Prices	Shares	57,477,914	70,827,744
Prices	Debenture convertible into shares	1,150,810	2,254,425
Prices	Stock options	427,957	33,383

Sensitivity analysis

As required by CVM Instruction No. 475/2008, we present below the sensitivity analysis of the financial instruments comprising the BNDESPAR's operations, which describes the risks inherent in these transactions and which could result in financial/economic losses for the Company. The sensitivity analysis for the financial instruments considered the tax effects on profit/loss of fixed or floating income transactions.

Scenarios II and III apply a stress of 25% and 50% (towards loss) on market inputs. The following tables show results for this year for the position as of December 31, 2020 and 2019.

Risk Group	Financial Instrument / Risk Factor	Risk	2020		
			Probable scenario	Scenario II	Scenario III
Fixed income transactions					
Interest	Selic / DI	Selic / DI increase	11,260	(12,940)	(25,880)
Interest	TJLP	TJLP decrease	1,298	(4,222)	(7,037)
Interest	Fixed	PRE increase	-	-	-
Interest	IGPM	IGPM decrease	17,983	386	643
Interest	IPCA	IPCA decrease	2,120	(8,225)	(13,709)
Interest	TR	TR increase	(1,608)	-	-
Forex	Foreign currency	USD decrease	(3,438)	(19,170)	(31,950)
Floating rate transactions					
Prices	Shares	Fall in quoted prices	2,973,208	(9,483,856)	(18,967,712)
Prices	Debenture convertible into shares	Fall in quoted prices	-	(434,513)	(850,730)
Prices	Stock options	Fall in quoted prices	-	(9,658)	(11,294)

Risk Group	Financial Instrument / Risk Factor	Risk	2019		
			Probable scenario	Scenario II	Scenario III
Fixed income transactions					
Interest	Selic / DI	Selic / DI increase	2,202	(11,179)	(22,359)
Interest	TJLP	TJLP decrease	(3,434)	(6,831)	(11,385)
Interest	Prefixado	PRE decrease	41,571	(2,425)	(4,042)
Interest	IGPM	IGPM decrease	137	(1,303)	(2,172)
Interest	IPCA	IPCA decrease	(1,378)	(17,699)	(29,498)
Interest	TR	TR increase	1,070	-	-
Forex	Moeda Estrangeira	USD decrease	948	(16,520)	(27,534)
Floating rate transactions					
Prices	Shares	Fall in quoted prices	4,052,108	(11,686,578)	(23,373,156)
Prices	Debenture convertible into shares	Fall in quoted prices	-	(541,694)	(992,863)
Prices	Stock options	Fall in quoted prices	-	(6,425)	(8,977)

Potential losses indicated in the years of risk variable impairment considered in the sensitivity analysis in accordance with CVM Instruction No. 475/2008, including those related to derivatives arising from financial support operations through variable income instruments, do not fairly reflect BNDESPAR's market risks in terms of structuring and contracting of transactions, do not correspond to the Entity's probable financial and economic burden and do not represent probable impacts on BNDES System's performance.

Liquidity risk

BNDES System manages liquidity risk on an overall basis, rather than by individual company. BNDES System monitors its liquidity risk by using 3 indicators, which seek cover risk both in the short- and long-term. To monitor the short-term liquidity risk, two ratios based on guidance related to the implementation of Basel III in Brazil are calculated. The first one is the Liquidity Coverage Ratio (LCR), which measures the financial institution's capacity to cover, with high-quality liquid assets, net cash outflows in a stress scenario of 30 consecutive days. The ratio is calculated as "high quality liquid asset amount" over "total net cash flow amount". The second ratio, Minimum Cash Ratio, extends the LCR analysis horizon from 1 to 3 months. To monitor the long-term liquidity risk, the Net Stable Funding Ratio (NSFR) method proposed in Basel III is replicated. Net Stable Funding Ratio is calculated as "long-term liabilities" over "illiquid assets". For the three indicators, ratios higher than 1 are recommended.

In addition, the following table shows the notional financial flows of BNDESPAR's liabilities and respective maturity terms. Despite the maturity term of most of the contracted liabilities is shorter than 12 years, BNDESPAR has liquid assets sufficient to cover scheduled cash outflows.

2020			2019		
Maturity	Debentures	Other payables (*)	Maturity	Debentures	Other payables (*)
2021	-	2,832,368	2020	-	2,481,526
After 2021	-	-	Após 2020	-	-
Total	-	2,832,368	Total	-	2,481,526

(*) Includes: derivative financial instruments, credit purchase of securities and dividends payable.

Credit risk

The exposure to total credit risk, without applying risk mitigators or the allowance for expected credit risk, increased to R\$65,098,778 as of December 31, 2020 from R\$80,796,611, as of December 31, 2019. Noteworthy was a decrease of R\$13,761,611 in the value of financial assets measured at fair value through other comprehensive income.

	2020	2019
Financial assets		
Financial assets measured at fair value through OCI	59,307,794	73,069,405
Financial assets measured at fair value through profit or loss	1,386,046	2,973,194
Financial assets measured at amortized cost	2,241,412	2,678,214
Others	2,029,683	1,893,356
Commitments to be Released	133,843	182,442
Total	65,098,778	80,796,611

16. NONCASH TRANSACTIONS

As of December 31, 2020 and 2019, there were no significant non-cash activities.

17. EVENTS AFTER THE REPORTING PERIOD

Disposal of Vale S.A. shares

On February 22, 2021, BNDESPAR informed the market that, from November 9, 2020 until February 22, 2021, BNDESPAR sold 188,496,276 Vale S.A. shares, representing 3.57% of the Company's capital stock.

As a result, BNDESPAR completed the process of selling all its shareholdings in Vale S.A., so that it no longer holds any shares issued by this company.

Disposal of Klabin S.A. shares

In compliance with the provisions of Article 12 of CVM Instruction 358/2002, BNDESPAR informed Klabin S.A. that it had sold 41,554,255 units, each unit consisting of one (1) common share and four (4) preferred Klabin S.A. shares, in the period February 5, 2021 to February 22, 2021.

As a result, BNDESPAR reduced the previously held equity interests in this company to under the five percent (5%) threshold of total preferred shares Klabin S.A.

BNDESPAR also hereby declares that (i) the transactions carried out do not aim at changing the shareholding control or the administrative structure of Klabin, and (ii) no contracts or agreements regulating the exercise of voting rights or the purchase and sale of Klabin S.A. securities were entered into by BNDESPAR.

18. GENERAL INFORMATION ON BNDESPAR

18.1. Objectives and roles

- To strengthen the capital structure of companies and support new investments in the economy as a whole;
- To support the development of start-up companies;
- To support the development of small and medium-sized companies;
- To develop the industry of closed private equity funds; and
- To contribute to the development of the capital market.

19. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by BNDESPAR are consistently applied in all the years presented in these financial statements.

The significant accounting policies and general estimates considered by the BNDESPAR's Management are summarized below.

19.1. Foreign currency translation

(a) Functional and presentation currency

The financial statements were prepared using the functional currency, which represents the currency of the main economic environment where BNDESPAR operates.

(b) Transactions and balances

Transactions denominated in foreign currency are initially recognized in the functional currency using the exchange rate prevailing on the date of the transaction.

The foreign exchange differences arising when foreign currency-denominated monetary assets and liabilities are settled, at closing exchange rates, are recognized as gain or loss in the income statement.

19.2. Revenue recognition

(a) Interest income and expenses

Income from and expenses on interest on interest-bearing financial instruments are recognized as 'Revenue from financial intermediation' and 'Expenses on financial intermediation' in the income statement, using the effective interest rate method, except for those measured at fair value through profit or loss.

Revenue from fees and commissions

Revenue from fees and other commissions is generally recognized on the accrual basis considering the period in which services are provided.

However, commission revenues from studies on financial instruments measured at amortized cost and at fair value through other comprehensive income are characterized as origination revenue and, therefore, are added to the initial fair value of the respective financial instruments and recognized in profit or loss using the effective interest rate method, and are recognized in the relevant interest income and expenses accounts, as applicable.

(c) Dividend income

Dividend income from equity instruments designated as measured at fair value through other comprehensive income is recognized in the income statement when the right to receive payment is established.

19.3. General accounting estimates

The preparation of financial information requires the use of estimates and assumption on future conditions. The use of the information available and the application of judgment are inherent in the estimation process. Actual results may differ from the estimates.

BNDESPAR's Management understands that all adjustments considered necessary for a fair presentation of the balance sheet, income statement and statement of cash flows for the reporting period were made.

The assets and liabilities subject to such estimates include primarily the following:

	Note
Fair value of financial assets and financial liabilities	3 and 10
Impairment allowance	9
Allowance for losses on equity interests	4.3
Provision for taxes and contributions and realization of tax credits	11.1
Provisions for labor and civil risks	11.2
Employee benefits	13

19.4. Financial instruments

19.4.1. Financial assets

19.4.1.1. Initial recognition and measurement

Financial assets are recognized when BNDESPAR becomes a party to the contractual provisions of the instrument.

Financial assets are recorded and initially measured at fair value, plus transaction costs and origination fees for financial assets classified into the "amortized cost" and "fair value through other comprehensive income" categories.

19.4.1.2. Classification and subsequent measurement

Financial assets are classified as measured at fair value through other comprehensive income (FVTOCI), at amortized cost or at fair value through profit or loss (FVTPL), based on BNDESPAR's business model and the contractual cash flow characteristics of the instruments.

Business model assessment

BNDESPAR determines its business models for its financial assets at a level that better reflects the way its financial asset portfolios are managed to achieve the business objectives.

The business model reflects how BNDESPAR manages its financial assets and to what extent the cash flows of financial assets are generated by the collection of contractual cash flows, by the sale of financial assets or by both, using scenarios expected to occur.

BNDESPAR's business models are divided into four categories, indicative of the main strategies used to generate returns:

- **Business Model 1: Hold to collect contractual cash flows** – Financial assets held to collect contractual cash flows solely comprised of payment of principal and interest the objective of which is to hold such instrument to maturity. Sales are incidental to this objective and expected to be insignificant in value or infrequent.
- **Business Model 2: Hold to collect and sell** – Financial assets held to collect contractual cash flows solely comprised of payment of principal and interest the objective of which is to be sold before their maturity.
- **Business Model 3: Other business models for fixed income instruments** – Financial assets that do not fall into Model 1 and Model 2.
- **Business Model 4: Other business models for floating income instruments** – Floating income financial assets with embedded derivatives and equity instruments without significant influence (floating income shares and investment funds).

Designation option

BNDESPAR did not designate any of its financial instruments at fair value through profit or loss.

For investments in equity instruments (interests in non-associated companies and floating investment funds) that are not held for trading, BNDESPAR made the irrevocable election at the initial recognition to present subsequent changes in fair value in other comprehensive income ("OCI option").

Contractual cash flow characteristics

BNDESPAR's fixed income instruments included in Business Models 1 and 2 are evaluated to determine whether the contractual cash flows associated with these instruments consist only of payments of principal and interest on the principal amount outstanding in a consistent manner with a basic loan agreement.

The principal is generally the fair value of the financial asset at initial recognition and include returns over time.

Interest includes, in addition to the time value of money, compensation for credit risk and other risks and basic borrowing costs, as well as profit margin.

When the contractual terms of certain assets introduce risk exposure or variability of cash flows that are not consistent with a basic loan agreement, BNDESPAR will classify these instruments as measured at fair value through profit or loss.

(a) Financial assets at amortized cost

Financial assets classified into this category are subsequently measured at amortized cost using the effective interest method and are presented net of the allowance for loan losses.

In calculating the effective interest rate, BNDESPAR applies to the gross carrying amount of the financial asset, except for:

- purchased and originated credit-impaired financial assets for which BNDESPAR applies the effective interest rate adjusted to the financial asset since the initial recognition;
- financial assets originated or purchased before becoming credit impaired (or "stage 3"), for which BNDESPAR applies the effective interest rate at amortized cost net of the allowance, in subsequent reporting periods.

Assets classified and measured at amortized cost include, mainly, transactions under repurchase agreements, forward sale of securities, receivables and privately placed nonconvertible debentures. These instruments represent financial support and are classified, according to the Management's judgment, regarding the level of risk, considering the economic scenario, past experience and the specific risks in relation to operations, debtors and guarantors.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Fixed income financial assets included in this category are subsequently measured at fair value through other comprehensive income and unrealized gains and losses arising from changes in fair value are accrued in "Valuation adjustments to equity", net of taxes.

Credit losses, interest and exchange gains and losses are recognized directly in profit or loss. When the investment is sold, the gain or loss previously accrued in equity is reclassified to profit or loss.

In this year, BNDESPAR does not have fixed income assets classified into this category.

For investments in equity instruments without significant influence and that are not held for trading whose designation for this category was adopted by BNDESPAR, the subsequent measurement was made at fair value, and the gains and losses arising from changes in the fair value of these instruments were recognized in other comprehensive income, in "Valuation adjustments to equity", net of taxes. When the investment is sold, the accrued gains or losses are transferred from "Other comprehensive income" "Retained earnings (accumulated losses)", under Equity.

(c) Financial assets at fair value through profit or loss (FVTPL)

Any gains or losses on financial assets are recognized at fair value in profit or loss.

The main assets comprise:

- Repurchase agreements that may be redeemed at any time;
- Interest, currency and floating income stand-alone derivatives;
- Certain investments in fixed and floating income investment funds; and
- Floating income (hybrid) debentures privately and publicly placed with embedded derivatives.

19.4.1.3. Fair value of financial assets

In determining and disclosing the fair value of financial instruments, BNDESPAR uses the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities, which may be accessed on the measurement date. The fair value of the financial instruments traded in active markets is based on their market prices, quoted at the balance sheet date. An active market is one in which transactions are taking place regularly and with a volume that is sufficient to provide pricing information on a continuous basis;

Level 2 – Valuation techniques according to which all significant inputs are observable for the asset or liability, either directly or indirectly, except for quoted prices included in Level 1; and

Level 3 – Valuation techniques whose significant inputs are not based on observable market data.

The fair value estimates of Financial Instruments follow the governance requirements set forth by internal regulations consistent with CMN Resolution 4,277/2013 and result from the application of calculation methods approved by specific committees and documented in manual format subject to a continual review process. As a rule, the specific valuation techniques used to value the financial instruments include (i) market prices or quotations from financial institutions/ brokers for similar instruments; discounted cash flows, Black-Scholes-Merton, Binomial Tree, and Monte Carlo Simulation.

The main assumptions used when using the Black-Scholes-Merton, Monte Carlo Simulation and Binomial Tree techniques are as follows:

- Initial date: refers to the date of the evaluation, i.e. the end date of each month;
- Final date: maturity date;
- Asset price: last average price of the underlying asset observed on the base date;
- Strike price: projected strike price of option on the closing date, pursuant to the conditions set forth in the agreement;
- Risk-free rate: preset nominal rate of government bonds issued by the National Treasury with a term compatible to the appraised asset;
- Dividend yield: calculated on a case by case basis, preferably based on observable market projections;
- Volatility: the annual volatility based on the daily fluctuation of the underlying asset over the last 1.008 trading sessions was adopted.
- For options/derivatives whose underlying assets are not traded on the stock exchange, no pricing will be assigned as fair value, which may be considered as net cost or null value. Also held at cost or null value are derivatives whose underlying assets for call options or counterparts for put options are residual interests in companies that are extinct, written off, in a troubled situation, with bankruptcy and / or recovery requests or have already been the subject of total Impairment.

19.4.1.4. Reclassification of financial assets

A financial asset that is not a derivative financial instrument or a financial asset that at initial recognition was designated at fair value through profit or loss or designated at fair value through other comprehensive income is reclassified only when there is a change in the business model used to manage the financial asset. The reclassification of all financial assets affected by the change will be applied prospectively from the date of reclassification.

19.4.1.5. Derecognition

Financial assets are derecognized only when the contractual rights to receive cash flows expire, or when BNDESPAR transfers the contractual rights to receive cash flows from the financial asset.

19.4.2. Financial liabilities

19.4.2.1. Initial recognition and measurement

Financial liabilities are recognized when BNDESPAR becomes a party to the contractual provisions of the instrument.

Financial liabilities classified into the "amortized cost" category are initially recognized at fair value, plus/less transaction costs directly attributable to their issue and premiums and discounts.

19.4.2.2. Classification and measurement

After the initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

BNDESPAR only has financial liabilities classified as "amortized cost", which include: payables due to debentures issued and dividends payable.

19.4.2.3. Derecognition

Financial liabilities are derecognized when their obligations are discharged, cancelled or they expire.

19.4.3. Presentation of financial instruments at the net position of assets and liabilities

Financial assets and liabilities are presented in the balance sheet at their net amount only when BNDESPAR has the legal right and intention to offset assets against liabilities and settle such assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

19.4.4. Derivatives

BNDESPAR, when applicable, uses derivatives for hedging purposes, to balance the composition of financial assets and financial liabilities, managing product profiles, and any other purposes aligned with its corporate objectives, seeking financial management efficiency. BNDESPAR does not use derivatives to take speculative positions that would intentionally produce naked positions linked to one-way bets.

The hedging strategy consists of offsetting, in whole or in part, the risks arising from exposure to changes in fair or market values of or cash flows from any financial asset or financial liability.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a noncurrent asset or liability if the remaining term of the instrument exceeds 12 months and the derivative is not expected to be realized or settled within a shorter period.

Additionally, BNDESPAR uses financial instruments with components that qualify as embedded derivatives, as part of some floating income transactions. These derivatives, for example, options for conversion / exchange of debentures into shares, are embedded in legal instruments linked to the securities portfolio.

19.5. Impairment of financial assets

At the end of each reporting period, BNDESPAR applies a three-stage approach to impairment to classify and measure expected credit losses for fixed income instruments in the "amortized cost" and "fair value" through other comprehensive income", and if any, in loan commitments and financial guarantees issued.

In this year, the allowance for loan losses was calculated only for the assets included in the "amortized cost" category.

BNDESPAR has relied on reasonable and bearable information on past events, current conditions and forecasts of future events and economic conditions to determine whether credit risk has increased significantly since the initial recognition.

BNDESPAR has an internal credit risk classification system, external risk ratings and prospective information to evaluate the impairment of the credit quality of a financial instrument. An impairment should be considered significant when the exposure is assigned a rating from which a recovery is not expected to be verified within a given period of time. In other words, when an operation has its rating downgraded to a level where it is not usually found to recover at the original level, it is considered that there was a significant increase in credit risk. In order to establish the level of risk limit for stage change, BNDESPAR performs an analysis based on the observed historical frequency of migrations between ratings.

Determination of the stages and definition of default

The three-stage model to determine the expected credit loss (ECL) is based on changes in the credit quality of BNDESPAR's financial assets since initial recognition.

Therefore, all operations are initially classified in Stage 1 and remain as such where credit risk has not increased significantly since initial. For assets classified into this stage, the allowance for expected credit losses is calculated for an amount equal to the 12-month ECL.

If there is a significant increase in credit risk, at the valuation date, the assets will be migrated from Stage 1 to **Stage 2**, and for this, BNDESPAR will use two criteria:

- a) Significant downgrades in the rating assigned to the operation compared to the credit granting date (provided it does not continue to be considered as low credit risk); and
- b) Operation with payments overdue for more than 30 days.

For assets classified into this stage, the allowance for expected credit losses is calculated for an amount equal to the lifetime ECL.

When one or more events that have a negative impact on the estimated future cash flows of a financial asset occur, the financial asset is transferred to **Stage 3**, and an allowance for expected credit losses equal to expected loss for the useful life is recognized. BNDESPAR will use the following migration criteria for this stage:

- a) Operation declared by BNDESPAR as a credit-impaired credit; or
- b) Operation overdue for more than 90 days.

BNDESPAR uses, but is not limited to, the following criteria to consider a credit impaired:

- Payment of the installments of the debtor becomes dependent, in whole or in part, on the receipt of funds arising from the activation by BNDESPAR or from payment made by a third party not included in the economic group of the debtor;

- Significant impairment in the credit quality;
- The operation related to the exposure is restructured;
- Declaration of bankruptcy of the debtor.

BNDESPAR states that the definition of default used for migration between stages is consistent with the internal models of credit risk management.

Return between stages

In order for an operation to migrate from Stage 2 to Stage 1, it is sufficient that its rating is revised to a level above (better) than that determined as the limit for migration to Stage 2; or, if the criterion of 30 days is used, if the delay has been regularized.

However, in order to migrate from Stage 3 to the other stages, it is enough that the operation is no longer considered as an asset with credit recovery problems, whose condition may be altered by evidence of the borrower's ability to re-honor contractual obligations and must fulfill one of the following conditions:

- a) The financial default has been regularized by fully settling the overdue and unpaid installments;
- b) A significant amount is amortized;
- c) Change of the customer or its holding; or
- d) Significant change in the amount or quality of the guarantee.

Interest income is calculated on the gross carrying amount of the financial assets in Stages 1 and 2 and on the net carrying amount of the financial assets in Stage 3.

Measurement of Expected Credit Losses

The measurement of the provision for credit losses is mainly based on the product (i) probability of default (PD), based on the internal credit risk classification of the financial instrument, (ii) the loss due to default (LGD) of Stages 1 and 2 (and individualized estimates for relevant exposures in Stage 3) and (iii) Exposure at Default (EAD), based on the sum of the book balance with the projection of adjusted future disbursement commitments by a Credit Conversion Factor (CCF).

BNDESPAR, to adjust its PD estimates, is based on the estimation of migration matrices adjusted for the point-in-time (PIT) cycle.

19.6. Equity Interests

The portfolio of equity interests is primarily comprised of assets classified as financial instruments, represented by shares issued by companies over which BNDESPAR does not exercise significant influence, and are valued at their fair values. Such portfolio also includes investments in affiliated companies, on which BNDESPAR exercises significant influence.

Significant influence is the power to participate in the decisions on the financial and operating policies of the investee without exercising individual or joint control over those policies.

The assets in BNDESPAR's portfolio of equity interests predominantly derive from financial support operations of the BNDES System, whose focus generally corresponds to the long-term perspective.

As already mentioned in Note 19.4.1.2, BNDESPAR made an irrevocable election in the initial recognition, for investments in equity instruments without significant influence, to present subsequent changes in fair value in other comprehensive income.

In determining and disclosing the value of investments in equity interests designated as “measured at fair value through other comprehensive income”, BNDESPAR takes into account the level of hierarchy as described in Note 3.2.

Investments – Equity interests in associates

Associates are all investees on which BNDESPAR has “significant influence”. A significant influence is assumed to exist when 20% or more of the voting capital of an investee is held.

Management understands that in some cases for which equity interests held by BNDESPAR account for more than 20% of the investee’s voting capital, no significant influence is actually exercised, since there is not participation in decisions on the investee’s financial and operating policies. On the other hand, Management deems it has significant influence on certain entities in which the entity holds less than 20% of the voting power because it influences the operating and financial policies of such investees.

Investments in associates are accounted for under the equity method, whereby the investment is initially recognized at its acquisition value and any subsequent increases or decreases in the carrying amount by recognizing the share in the changes in the investees’ equity occurred after the acquisition. BNDESPAR’s share of the profits or losses of associates is recognized in profit or loss, and the share of other comprehensive income is recognized directly in equity.

Gains and losses due to dilution or increase in the percentage of equity interests (not resulting from capital contributions made by BNDESPAR) are recognized in profit or loss for the period they occur.

The investment in associates include the goodwill on the acquisition, determined as the difference between the consideration paid (or commitments payable) and its share on the fair value of the net assets acquired. The bargain purchase gain determined on the acquisition of an associate is recognized in profit or loss for the period it occurs.

Management is not aware of any significant restrictions that might limit the associates’ ability to transfer funds to BNDESPAR in the form of dividends or pay credits and/or advances.

In applying the equity method of accounting, BNDESPAR uses financial information on associates with a maximum delay of sixty (60), as permitted by Brazilian Corporate Law and accounting pronouncements, since using financial information as of the same reporting date would be impracticable. This is because the associates are independent from BNDESPAR, with non-integrated bookkeeping and a different schedule for preparing financial statements, which makes it impossible to provide timely information. Exceptionally a longer or shorter mismatch may be used, as commented in Note 4.3.

Test of investments in associates for impairment

After applying the equity method, BNDESPAR evaluates the need for recognizing an additional impairment loss on each associate’s net investment, including the goodwill portion, if any. Such evaluation is made by comparing the carrying amount to each associate’s recoverable value every six months or whenever there is indication of impairment of the investment.

To determine the recoverable amount, the net sales amount is determined as the higher of: i) the trading price on B3, less probable selling costs, for investments in companies whose shares are listed on stock exchanges; or ii) pricing models based on multiples or discounted cash flows, for investments in companies whose shares are not listed on stock exchanges. The value in use is determined by calculating the present value of expected earnings (dividends and interest on capital), plus the expected residual value for future sale of the associate determined by using pricing models.

19.7. Assets held for sale

BNDESPAR classifies as "Noncurrent asset held for sale" the noncurrent asset whose value will be recovered, mainly, through the sale transaction, rather than through its continuous use. The asset is classified into this category only in cases where the asset meets the following requirements, as specified in CPC 31 ("Noncurrent Assets Held for Sale and Discontinued Operations"):

- (i) is ready for sale in its current condition; and
- (II) the sale is highly probable and should occur in up to 1 year.

19.8. Equity

19.8.1. Legal reserve

Five percent (5%) of net income for the year shall be used, prior to any other allocation, in the recognition of the legal reserve, which shall not exceed twenty percent (20%) of share capital.

19.8.2. Statutory reserve – for alignment of accounting policies

The purpose of this statutory reserve is to recognize prior year adjustments or profits arising from the application of accounting policies different from those used by the Single Shareholder – BNDES. The maximum amount of this reserve is within the overall limit of earnings reserves in relation to capital, as prescribed by article 199 of Law No. 6,404/1976.

19.8.3. Reserve for future capital increase

This reserve is comprised of the remaining balance after the recognition of the legal reserve, minimum dividends and reserve for alignment of accounting policies in order to ensure the strengthening of the entity's equity compatible with the degree of risk of its assets. Under the bylaws, the maximum balance of this reserve is twenty percent (20%) of the capital.

19.8.4. Valuation adjustments to equity

Balancing entries relating to increases or decreases due to the fair value measurement of financial assets, actuarial liabilities as well as effects of changes in associates' equity are recorded, net of taxes.

19.8.5. Payment of dividends

The distribution of dividends to the sole shareholder is recognized as a liability in the financial statements at the end of each year, based on the minimum mandatory amount established in BNDESPAR's by-laws, which corresponds to 25% of the adjusted net income. Any amount in excess of the mandatory minimum dividends is accrued only on the date such dividends are approved at the General Meeting.

19.9. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and cash equivalents, short-term repurchase agreements, and any other highly liquid short-term investments, immediately convertible into a known cash amount and subject to an insignificant risk of change in value.

In these financial statements, only repurchase agreements are considered as “cash and cash equivalents”, maturing in up to three months as from the acquisition cost.

19.10. Income tax (IR) and social contribution (CSLL)

19.10.1 Current taxes on income

Current taxes on income (income tax and social contribution) represent the amount payable or recoverable.

19.10.2 Deferred income tax

Deferred taxes on income are recognized on temporary differences, on the balance sheet date, between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes and on tax losses and negative social contribution base. BNDESPAR's main temporary differences refer to non-deductible provisions and adjustment to fair value of financial instruments.

Deferred tax assets arising from deductible timing differences are recorded provided that they are expected to be realized in up to 10 years, limited to the future amount of taxable income against which deductible temporary differences may be used. Exceptions are tax credits recognized prior to the CMN Resolution No. 3,059/2002, which are recognized even though they are expected to be realized in more than 10 years.

These criteria rely on a technical study conducted every six months which is based on the expectation that future taxable income will be recorded in a 10-year period, considering estimates and evaluations of future trends, as determined by CVM Instruction No. 371/2002. The Company also complies with the provisions in CMN Resolution No. 3,059/2002 while following the rules adopted by its controlling shareholder, BNDES, for purposes of consolidation of the financial statements.

Deferred tax liabilities are usually recognized on all temporarily taxable differences.

19.11. Provisions, contingent assets and contingent liabilities

Contingent assets arise from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits and are not recognized in the BNDES Group's financial statements.

They are, however, disclosed in the notes to the financial statements when the inflow of economic benefits is probable, i.e., in case the inflow is more probable than not.

Additionally, when the inflow of economic benefits is virtually certain, i.e., in case there is a final favorable court decision that implies a very high likelihood of an inflow for the BNDES Group companies and there are no elements that might reverse such decision, the asset must be recognized as a receivable.

With respect to contingent liabilities, the risk of financial loss is considered, corresponding to the likelihood of outflows of funds from the BNDES Group companies, classified as:

I - probable, when the likelihood of an unfavorable outcome is more probable than not; or

II - possible, when the likelihood of an unfavorable outcome is equal to the likelihood of a favorable outcome; or

III - remote, when the likelihood of a favorable outcome is less probable than not.

The risk related to the likelihood of an inflow of economic benefits or outflow of funds for the BNDES Group companies within the scope of court and administrative proceedings, and their respective amounts, are calculated based on a methodology adopted by the Legal Department.⁴

The table below summarizes the procedure adopted by the BNDES Group based on the methodology adopted by the Legal Department and its alignment with the applicable standards:

Likelihood of an inflow of economic benefits	Accounting impact
Virtually certain	Recognition of a receivable
Probable	Disclosure of the contingent asset in notes

Risk of an outflow of funds	Accounting impact
Probable	Provision for the full amount of financial risk as contingent liability
Possible	Disclosure of the contingent liability in notes
Remote	No accounting impact

Additionally, it is a BNDES accounting policy to provide for the full amount of receivables that are subject to litigation in which the likelihood of an unfavorable outcome is equal to or greater than the likelihood of a favorable outcome.

19.12. Employee benefit plan obligations

19.12.1. Supplementary retirement plan - Basic Benefits Plan (PBB)

BNDESPAR offers its employees a supplementary retirement benefit. The Basic Benefits Plan (PBB), structured as a Defined Benefit (BD) plan is funded, on an equal basis with its participants, by payments determined by periodic actuarial calculations. In December 2018, the PBB was closed to new members.

The PBB is managed by Fundação de Assistência e Previdência Social do BNDES – FAPES and sponsored by the BNDES Group companies of (BNDES, BNDESPAR, and FINAME) and FAPES itself. Until the latest amendment to the Fund's charter, approved by the National Pension Fund Agency (PREVIC) in December 2018, the PBB granted benefits supplementary to the pensions paid by the National Institute of Social Security (INSS). As of this amendment, with the decoupling from the INSS, the PBB began to supplement a "theoretical INSS benefit" tied to the Reference Unit (UR), set at five thousand Brazilian reais (R\$5,000.00) as from September 30, 2017 (as adjusted annually), R\$5,558.41 as of December 31, 2020.

The significant risks associated with PBB include the following:

- Uncertainty regarding the maintenance of the level of basic social security benefit, whose ceiling as of 12/31/2020 was R\$6,101.06 per month. Any reductions in the amount of the basic benefit may increase the commitments under the plan (in relation to the benefits granted before 12/18/2018); and
- The possibility of granting actual gains when the beneficiaries' salary (used as a basis for the benefit) actually increases, without any balancing item in the PBB costing.

⁴ Refers to the Risk Estimate and Financial Value Assessment Methodology (MAERV) used in court and administrative proceedings of the BNDES Group.

In addition, there are the actuarial risks inherent in the model in which the PBB is structured, including possible deviations from economic, financial, biometric and demographic assumptions in the long run.

To mitigate the actuarial risks of the model, a periodic monitoring of the adequacy of the assumptions adopted in measuring the commitments by periodically testing the adherence of the assumptions.

No unusual risks specific to the Plan or any significant risk concentrations were identified that could expose the Sponsors to concentrated risk.

Plan Characteristics

The following benefits are granted under the Basic Benefit Plan – PBB:

- a) supplementary retirement pay;
- b) supplementary pension;
- c) supplementary seclusion aid;
- d) supplementary annual bonus (13th salary);
- e) supplementary sickness allowance; and
- f) death benefit.

Regulatory Framework of the Plan

The PBB is governed by its Basic Regulation, the latest amendment to which was approved by PREVIC Ordinance No. 1,166, of 12/12/2018, published in the Federal Official Gazette on 12/18/2018, upon FAPES Statutory Agencies' Resolutions and standards issued by PREVIC – National Supplementary Pension Superintendence, the CNPC – National Supplementary Pension Council, and other standards issued by the government, especially in connection with the provisions of:

- **Constitutional Amendment No. 20/1998**, which set forth the transition rule for contributory parity between participants and sponsors under plans sponsored by public entities, including state-owned companies and mixed-economy companies;
- **Supplementary Law No. 108/2001**, which establishes, among other requirements, that regular contributions by state-owned companies (autonomous [government] agencies, foundations, mixed-economy companies, and other public entities) to pension plans sponsored by them may not exceed the participants' regular contributions;
- **Supplementary Law No. 109/2001**, which addresses the Supplementary Pension Regime in Brazil;
- **CNPC Resolution No. 30/2018**, which superseded CGPC Resolutions Nos. 18/2006 and 26/2008, effective as of 01/01/2019, and addresses, among others, the conditions and procedures to be adopted by private pension entities in determining the surplus or deficit of the plan, in allocating and using the surplus, and in equalizing the deficit of the pension plans under their management. Both the allocation and use of the surplus and the equalization of the technical deficit of the plans subject to Supplementary Law No. 108/2001, will be made equally by participants and sponsors; and
- **Inter-ministerial Corporate Governance and Federal Government Holdings Management Committee (CGPAR) Resolutions 9/2016 and 25/2018**, which focus particularly on federal state-owned sponsors of supplementary pension plans and govern systemic benefit management supervision and oversight activities, respectively, and set the guidelines for the sponsorship of the supplementary pension benefit.

Actuarial valuation and accounting

The actuarial commitment was valued by an independent actuary, using the Projected Unit Credit Approach (PUC). The adjustment of amounts for the specific dates, used actuarial interest equivalent to the yield of the National Treasury Notes, series B (NTN-B), traded on December 21, 2020, and maturing in 2035, which corresponded to 3.49% per year. The same security at the reporting date of these financial statements, December 31, 2020, yield interest of 3.38% per year, representing a 0.11 percentage points decrease compared to the discount rate used.

MPS/CNPC Resolution 8, of October 31, 2011, which provides for the accounting procedures of the private supplementary pension fund entities, approved appendices that address the standard accounting plan, models, and instructions for completing these entities' financial statements. The main categories of the plan's assets were presented in accordance with this Resolution.

The actuarial assets, determined by the independent actuaries, are not recognized as sponsor assets due to the impossibility of offsetting such amounts against future contributions, as prescribed in the pension plan's charters.

Beginning December 31, 2020, the liabilities started to be recognized in the financial statements at the amount of 50% of the present value of the defined benefit obligation (regular and nonrecurring contributions and unfunded deficit) above the fair value of the plan's assets after the adoption of risk sharing, based on a study requested in 2020 by the BNDES Group's management. Previously, the present value of the Defined Benefit (DB) obligation considered the 50% parity between participants and sponsors in the regular contributions to the PBB and in the nonrecurring contributions related to the deficits already funded and 100% of the funded deficit. The defined benefit obligation is calculated on a quarterly basis by the independent actuaries using the PUC. The present value of the defined benefit obligation is determined by discounting estimated future benefits, using interest rates consistent with market yields, which are denominated in the currency in which the benefits will be paid and whose maturities are close to those of the related pension plan obligation by applying the 50% apportionment equivalent to the employer's parity funding of future fund shortfalls in the plan.

The debts contracted between BNDES and the pension fund are taken into account to determine an additional liability referring to future contributions that will not be recoverable.

Actuarial gains and losses arising from adjustments based on past experience and changes in actuarial assumptions, as well as the effect from changes in estimates due to risk sharing, are recognized in 'Other comprehensive income' as incurred. The current service cost, the financial cost, and the expected return on the plan's assets are recognized in net income for the period.

19.12.2. Plano de Assistência e Saúde – PAS (Healthcare plan)

The healthcare plan (PAS) is administered by Fundação de Assistência e Previdência Social do BNDES - FAPES and its beneficiaries are active employees hired until March 18, 2018 and beneficiaries from BNDES and its subsidiaries, as well as their dependents. PAS is governed by the Healthcare and Welfare Plan Charter (RAS) approved by BNDES's executive committee and is consist with the rules issued by the National Supplementary Healthcare Agency (ANS).

BNDESPAR offers post-employment health care benefits, contingent to compliance with the requirements of the plan's charter. The expected costs of this benefit were accumulated during the employment period, based on the same accounting approach used for the defined benefit pension plans.

No uncommon risks specific to the Plan or any significant risk centralization that may expose the sponsor to a concentrated risk were identified.

As of December 31, 2020, based on the external actuary's quarterly actuarial appraisal using data as of November 2020 and adjusted through December 31, 2020, the amount of the actuarial liability relating to the post-employment benefit of the retirees and active participants for the average future time of service was recorded.

The liability recognized in the balance sheet is the present value of the liability on the balance sheet date. The actuarial gains and losses arising from adjustments based on past experience and changes in the actuarial assumptions are recognized in Other Comprehensive Income as they occur. The costs of the current services and the financial cost are recognized in profit or loss for the period.

PAS is funded by the BNDES Group companies (BNDES, BNDESPAR, and FINAME) as a supplement to the public health system and the expenses incurred on PAS maintenance are funded by the Social Medical Assistance Fund (FAMS), a revolving fund endowed with funds originating from the sponsors. The FAMS is not collateralized by guarantor assets and the prepayment of the benefits is made by BNDESPAR based on the budgets submitted by the Foundation, which reports on the costs incurred monthly in an Accountability Statement, according to the Adherence Agreement registered with the ANS.

19.12.3. Severance benefits

BNDESPAR recognizes severance benefits when it is demonstrably committed to the termination of current employees according to a detailed formal plan, which can be neither suspended nor canceled, or the severance benefits provided as a result of an offer made to encourage voluntary resignation.

19.13. Risk Management

Operational Risk

The BNDES Group adopts the concept defined by CMN Resolution 4,557/2017, in which operational risk is the possibility of incurring losses as a result of external events or failure, deficiency, or inadequacy of internal processes, people and systems. Under this definition, operational risk includes the legal risk. Internal control is a process developed to mitigate risks and performed at all entity levels, which is highly important in the management of operational risks.

In line with the legal framework, the BNDES Group has several processes and tools aimed at appropriately manage operational risks, which include activities for identifying, measuring, assessing, treating, monitoring, and reporting risks, with their relevant controls. Additionally, the operational risk management and internal control unit develops activities to assess the quality of the internal control system, business continuity management, allocation and assessment of the regulatory capital adequacy, besides maintaining a continuous process of communication and dissemination of the risk and control culture.

All the activities are based on methodologies defined based on the Operational Risk and Internal Control Management and Business Continuity Management Corporate Policies, approved by the Board of Directors, which provide for a set of principles, roles, and responsibilities related to these issues within the BNDES Group. Another key tool is the BNDES Group's Risk Appetite Statement, which guides risk treatment based on its quantitative and qualitative thresholds.

The dissemination of the operational risk and internal control culture within the entity is supported by a Communication Plan, developed with the purpose of guiding reporting and information disclosure actions, which include presentations/lectures on operational risk disclosure, training on the use of operational risk activities support tools and ads in internal media. Information on these issues is also available on the intranet.

Exposure to the Operational Risk

The minimum capital portion amount relating to the operational risk (RWAOPAD) is calculated as established in Bacen Circular Letter No. 3,640/2013, based on information provided by BNDES System's Prudential Conglomerate.

Market risk

The market risk is the risk of financial losses resulting from changes in the fair values of the asset and liability positions held by the Bank, including the risks of fluctuation in foreign exchange rates, the interest rates, equity prices, and the commodity prices.

The market risk management framework and the Corporate Market Risk Management Policy of BNDES System and its subsidiaries define the set of methodologies, procedures, limits, instruments, and responsibilities applicable to the ongoing control over the entity's processes to ensure an appropriate risk management.

Currency risk

BNDESPAR is exposed to the effects of fluctuations in exchange rates used in foreign currency transactions. The currency risk is monitored on a daily basis by determining BNDES System's foreign exchange exposure. Hedging strategies are contracted for the Prudential Conglomerate in the market of derivative currency instruments.

Interest rate risk

Risk that the fair value of financial instruments will fluctuate due to changes in the interest rate prevailing in the market. The interest risk is controlled for BNDES System. Additionally, the risk of mismatch between indices and rates is monthly monitored and is subject to the limits approved by the Executive Board. The limits are set for each one of the companies that are part of BNDES System and also for the Prudential Conglomerate.

Price Risk

Risk of fluctuations in the fair value of financial instruments due to changes in market prices, which may be caused by factors specific to the financial instrument or factors affecting all similar financial instruments traded in the market.

Financial instruments

The unit responsible for market risk management of BNDES System monitors on a daily basis information on BNDESPAR's financial instrument portfolio. Such portfolio is comprised of: equity interests held in listed companies trading shares on B3, privately held companies, units in equity investment funds, debentures with or without options, loans and other securities posing some of the market risks listed above.

Risk metrics and governance

For application of the risk metrics and analysis defined by the regulatory body, BNDESPAR's financial instrument portfolio is divided into trading portfolio and non-trading portfolio, according to certain assumptions.

The trading portfolio consists of all transactions involving financial instruments, including derivatives, held with the intent of being actively and frequently traded or used to hedge other elements of the trading portfolio and that are not subject to trading restrictions. Transactions held for trading are those intended for (i) resale; (ii) obtain benefits from changes in effective or expected prices; or (iii) arbitration. Currently, BNDESPAR's trading portfolio does not have financial instruments.

BNDES System determines interest rate, currency and price risks using the VaR (Value at Risk) metrics, Stress Test, sensitivity analysis and analysis of mismatch by risk factor. In addition, the methodologies designated by the regulatory body in its standard modeling are applied. Two metrics are used to assess the interest rate risk for the non-trading portfolio, namely: *Economic Value of Equity (EVE)* and *Net Interest Income (NII)*. Risk metrics are analyzed by means of daily or monthly reports, depending on their purpose and decision-making level.

Regarding governance, BNDES System has various committees composed of different hierarchical levels to discuss market risk-related matters. Also, a market risk limit structure is in place in addition to alerts that control the risk arising from the portfolios, which allows alignment with the risk profile established by the committees.

Sensitivity analysis

In preparing the sensitivity analysis, the Company adopted the following assumptions, as set forth in CVM Instruction No. 475/2008:

- Identification of market risks that can result in material losses to the Company;
- Definition of a probable scenario, under CVM Decision No. 604/2009, for the risk behavior which is referenced by an independent external source for a 1-year term;
- Definition of two additional scenarios, under CVM Decision No. 475/2008, with stresses of 25% and 50% in the risk variable considered (scenarios II and III);
- Presentation of the impact of the outlined scenarios on the fair values of the financial instruments traded by the Company and their effects on profit or loss and equity; and
- The probable scenario and stress scenarios (II and III) were compared to the current scenario for each type of financial instrument.

In calculating the sensitivity analysis for fixed income and currency transactions, the probable scenario, internally assessed, considers the expected behavior of the rates for the next 12 months, which may result in gains and losses for the entity.

The probable scenario for floating income transactions (shares) was calculated based on the beta of each one of the shares in BNDESPAR's portfolio as well as on internal assessments to determine the risk-free rate for one-year period and the market risk premium, based on the Capital Asset Pricing Model (CAPM). The share portfolio value as of December 31, 2020 was taken as a basis for the current scenario. Shares accounted for under the equity method were excluded from the analysis.

With respect to the analyzed derivatives, the price risk of underlying asset to such financial instruments may be considered as the most relevant, whose variation may be equivalent to the greater portion of the adjustment to the fair value of these floating income instruments in a specific period. For purposes of CVM Decision No. 604/2009 and CVM Instruction No. 475/2008, this sensitivity analysis considered as probable scenario the fair value already recorded since this value already reflects Management's expectation for the probable situation and is based on external sources with respect to the risk variables comprising the pricing models adopted for calculation of the fair value. This scenario was the basis for the stress scenario of 25% and 50% of the main risk variable considered, which was the spot price of the hedged share. The risk associated with an increase or decrease in the price of the hedged asset depends on the type of derivative.

Another significant aspect of derivatives is that some of these transactions (stock sales options held or stock purchase options assigned) were jointly performed with acquisition of the hedged asset, which from the portfolio standpoint, results in risk mitigation. From the balance sheet standpoint, this risk reduction is not always apparent, since changes in the value of these instruments may impact different accounts (profit or loss or equity), depending on their accounting classification. In addition, BNDESPAR does not adopt hedge accounting practices for these instruments, although this could avoid this type of conflict in the entity's balance sheet.

With respect to the derivatives included in this analysis, it is important to consider the economic effect difference in two time frames: (i) the full term of the derivative; and (ii) in the interim periods during the derivative term mentioned in item (i). In case of a full term, between the derivative acquisition date and its maturity (item i), there is no risk of accumulating loss on profit or loss, since on initial recognition the value of this instrument is equal to zero, without any corresponding disbursement as premium. In the case of interim periods (item ii), there is a risk of loss on derivatives' value due to potential negative fluctuations in the fair value of these instruments. Such fluctuations in these periods impact the entity's equity profit or loss and equity.

Liquidity risk

Risk that the entity will not be able to efficiently discharge its expected and unexpected liabilities, current and future, including those arising from collaterals, without affecting its daily operations and incurring significant losses, and, also, risk that BNDES System will not be able to trade assets at market price, due to the large size of its positions in relation to the volume usually traded, or due to any discontinuity in the market.

Credit risk

The credit risk is the risk associated to the possibility of incurring losses due to borrower or counterpart default of agreed financial obligations, the depreciation of a credit agreement due to the downgrading of the borrowers' risk ratings, the decrease in gains or returns, the advantages granted in renegotiations, and the costs of recovery.

The main purpose of the credit risk management is the proper measurement of the risk of financial losses in the portfolio. The BNDES System companies use the standardized methodology for Regulatory Capital calculation issued by the National Monetary Council. BNDESPAR's assets, including derivatives, have provision for regulatory capital, in line with rules set forth in the BACEN Circular Letter No. 3,644/2013.

The unit responsible for BNDES System's credit risk management makes estimates for the different risk components of the assets contained in the regulatory portion of capital, in addition to modeling of economic capital using analytical methodologies and simulation. These analyses are designed to allow future implementation of an advanced model set forth by the Basel Accord. Thus, the portfolio risk is assessed by obtaining estimates for the following components: (i) probability of non-compliance by the borrower or counterpart (PD); (ii) exposure with the borrower or counterpart at the time of the default event (EAD); (iii) default losses (LGD); and (iv) maturity or effective term of the contracts.

Exposure to Credit Risk

The exposures to credit risk are calculated as established by Bacen Circular Letter No. 3,644/2013. The RWACPAD portion is calculated monthly based on BNDES System's Prudential Conglomerate.

19.14. Capital Management

The main objectives of BNDES System companies related to capital management are as follows:

- maintain a sound capital base that effectively supports business development;
- comply with the requirements set by the regulatory agencies of the banking markets where they operate; and
- Ensure profitability compatible with the risks assumed by BNDES and its subsidiaries.

The adequacy of the capital structure and the monitoring of the regulatory capital limits are carried out by BNDES based on the implementation of processes, methods and procedures relying on the guidelines set by the Basel Committee, as implemented by Bacen. Therefore, the monetary authority required that each financial institution and each entity authorized to operate by the BACEN permanently maintains:

- A regulatory capital (PR) compatible with the risk of its activities, calculated according to CMN Resolution No. 4,192/2013; and
- Minimum Regulatory Capital over the Risk-Weighted Assets (RWA), determined in accordance with articles 6 to 9 of CMN Resolution No. 4,193/2013.

Therefore, in order to ensure compatibility between the capital maintained by the entity and the capital required to face risks incurred on their activities, all exposures to risk deriving from BNDESPAR's operations are included in the BNDES' regulatory capital portions, as determined by prevailing legislation. On the other hand, BNDESPAR's assets are considered, under the equity accounting method, an integral part of the capital maintained by BNDES and reported in its consolidated financial statements.

Additionally, all regulatory limits determined by BNDES, especially those related to exposures to different risks, include transactions performed by BNDESPAR. Similarly, the managerial indices monitored on a monthly basis for monitoring the exposures allow both the evaluation by company in the Group and analyses on a consolidated basis.

19.15. Segment reporting

BNDESPAR is a wholly owned subsidiary of BNDES and its activities are based on the strategic guidelines formulated jointly with its controlling shareholder, aimed at supporting the capitalization process and the development of national companies, mainly by means of floating income instruments, mainly, equity interests.

BNDES System's administrative structure, which includes BNDES and its wholly owned subsidiaries, is unique and shared, as is its internal control and risk management structure. Strategic and financing decisions are managed by the controlling shareholder, which uses BNDESPAR as an instrument for executing its mission, depending on the product and the form of financial support. Likewise, financial management, including fundraising, funding allocation among operating segments and management of cash and cash equivalents, is consolidated in the BNDES System through the integrated management of financial assets and liabilities (Asset Liability Management - "ALM").

In this context, the performance of the business segments is monitored and evaluated from the System's perspective, according to information presented in BNDES's consolidated financial statements.

BNDES System defines its operating segments based on the reports made available to the Senior Management for performance analysis and strategic decision making, considering the nature of the support forms. These decisions are ultimately the responsibility of the Board of Executive Officers which is responsible for the management of the business segments

The business segments of BNDES System are classified into: (i) "Financing"; (ii) "Equity interests"; and (iii) "Treasury / ALM".

BNDESPAR's operations, mainly represented by equity interests and units in equity investment funds, are part of BNDES System's "Equity Interests" segment. A smaller portion of its assets, represented by the acquisition / subscription of debentures and the term sale of securities, comprise the "Financing" segment. Therefore, considering that segments are not managed by subsidiary, but on a consolidated basis in BNDES System, as permitted by CPC 22, BNDESPAR information is included in the "Equity Interests" and "Financing" segments in explanatory note "Segment Reporting" disclosed in BNDES's consolidated financial statements.

19.16. Apportionment of administrative and personnel expenses

As established in an agreement signed between BNDES and its wholly-owned subsidiaries BNDESPAR and FINAME for the purpose of rationalizing costs, administrative and personnel expenses common to the BNDES Group, as well as the supply of any and all material resources and/or services necessary for the performance of activities, are apportioned between the companies according to each company's contribution to the Gross Income of Financial Intermediation (before allowance for expected credit risk) for the immediately preceding year.

Expenses that may have their beneficiaries clearly identified, such as tax expenses, are not considered for expense sharing purposes.

With respect to BNDESPAR, Gross Income of Financial Intermediation corresponds to the difference between Operating Income and Operating Expenses, excluding the effects of the reversal (recognition) of the allowance for losses on investments and the income or loss on the disposals of variable income securities.

Accordingly, the percentages attributed to each company in 2019 and 2020 were:

	2020		2019	
	Gross income from financial intermediation for the previous year	% sharing	Gross income from financial intermediation for the previous year	% sharing
BNDES	8,636,107	55%	7,982,188	58%
BNDESPAR	4,916,411	31%	3,175,571	23%
FINAME	2,226,268	14%	2,532,126	19%
Total Group	15,778,786		13,689,885	

19.17. Pronouncements, Guidelines and Interpretations (standards) issued by the CPC

(a) Standards issued in and applicable to the year ended December 31, 2020

CPC 06 (R2) - Leases

This Pronouncement replaces CPC 06 (R1) - Leases as well as ICPC 03 - Additional Aspects of Leases (IFRIC 4, SIC-15 and SIC-27). The main changes relate to the elimination of accounting for leases for lessees and the introduction of a single lease model, which consist of: (a) recognize leases longer than 12 months and substantial amounts; (b) recognize initially lease in assets and liabilities at present value; and (c) recognize the depreciation and interest on lease separately from profit or loss. For the lessor, accounting for will continue to be segregated between operating and financial.

Due to the administrative expense sharing agreement (see Note 19.16) this Pronouncement is not applicable to BNDESPAR's financial statements.

Revision 14 - Revision of Technical Pronouncements

Amendments to several accounting Pronouncements, Interpretations and Guidelines as a result of the issue of CPC 00 (Conceptual Framework), the change of the definition of business combination in CPC 15 (R1), the change of the definition of material omission or material misstatement, and the change in the name of CPC 06 (R2) to *Leases*, effective for annual periods beginning on or after January 1, 2020.

Revision 15 - Revision of Technical Pronouncements

Amendments to Technical Pronouncements as a result of the "Reform of the Benchmark Interest Rate" - Phase 1, arising from the replacement of the benchmark interest rate with an alternative benchmark rate, effective for annual periods beginning on or after January 1, 2020.

Phase 2 of the Reform is effective for annual periods beginning on or after January 1, 2021.

(b) New and/or revised accounting standards already issued but not yet adopted

The following list shows new standard and/or revision issued and not adopted until the year ended December 31, 2020.

CPC 11 Insurance Contracts

This pronouncement will be superseded by another pronouncement equivalent to IFRS 17. The standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

This pronouncement is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively.

No impacts are anticipated from adopting this standard at BNDESPAR.

CPC 25 Provisions, Contingent Liabilities and Contingent Assets

Clarifies which costs an entity includes when determining the cost of fulfilling a contract in order to assess whether the contract is an onerous contract.

The amendment is effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.

No impacts are anticipated from adopting this standard at BNDESPAR.

CPC 27 Property, Plant and Equipment: revenues before intended use

Amends the recognition of sales revenue in the statement of profit or loss in the process of building a property, plant and equipment item for its intended use.

The amendment is effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.

No impacts are anticipated from adopting this standard at BNDESPAR.

CPC 26 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

This standard provides guidance on whether a liability should be classified as current or non-current.

The amendment is effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively.

Management is still assessing the impacts of adopting on BNDESPAR.

20. Explanation added to the translation into English

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

MANAGEMENT MEMBERS

BOARD OF DIRECTORS:

Marcelo Serfaty - Chief Executive Officer
Fábio de Barros Pinheiro
Heloisa Belotti Bedicks
João Laudo de Camargo
Pedro Maciel Capeluppi
Sônia Aparecida Consiglio
Waldery Rodrigues Junior
Walter Baere de Araújo Filho
William George Lopes Saab

SUPERVISORY BOARD:

Pricilla Maria Santana - Chairwoman
Eduardo Garcia de Araújo Jorge
Diogo Mac Cord de Faria

AUDIT COMMITTEE:

Fábio de Barros Pinheiro - Chairman
Maria Salete Garcia Pinheiro
Paulo Marcelo de Miranda Serrano

BOARD OF EXECUTIVE OFFICERS:

Gustavo Henrique Moreira Montezano - Chairman
Ângela Brandão Estellita Lins
Bianca Nasser Patrocínio
Bruno Laskowsky
Claudenir Brito Pereira
Fábio Almeida Abrahão
Leonardo Mendes Cabral
Petrônio Duarte Cançado
Ricardo Wering de Barros
Saulo Benigno Puttini

CONTROLLERSHIP DEPARTMENT SUPERINTENDENT:

Luciana Torres Bastos

HEAD OF THE ACCOUNTING DEPARTMENT:

Marcos Paulo Pereira da Silva

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 20 to the financial statements.)

Independent auditor's report

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To the
Shareholders, Directors and Management of
BNDES Participações S.A.
Brasília – DF

Opinion

We have audited the accompanying financial statements of BNDES Participações S.A. - BNDESPAR ("BNDESPAR" or "Company"), which comprise the balance sheet as of December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of BNDES Participações S.A. - BNDESPAR as of December 31, 2020, its financial performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our judgment, were of most significance in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the financial statements taken as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and recognition of financial instruments

As described in Notes 3, 4, 5, 6, 7, and 9, the Company has financial assets classified in accordance with CPC 48 – Financial instruments, as amortized cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI). Considering that these financial instruments amounted to R\$115,236,031, which correspond to 98.68% of the total asset and that the measurement of the fair value of the financial instruments is subject to a higher level of uncertainty, since such measurement is based on different valuation techniques and involve assumptions with a certain degree of subjectivity in addition to assumptions prepared by Management to estimate such values, especially in the high volatility scenario experienced in 2020 due to the COVID-19 pandemic, and that might significantly modify the amounts and terms expected for the realization of these financial instruments. For this reason, this matter was again considered significant and critical for our audit in the current year.

How the matter was addressed in our audit

Based on our auditing procedures, we checked the main controls in place for the valuation of these financial instruments as well as the approval of the respective models. After selecting financial instruments on a sampling basis, we adopted the following approach: (a) supported by our internal specialists, we analyzed the valuation methodology of these financial instruments and the assumptions adopted by Management in relation to independent methodology and assumptions used in the market; (b) we compared the results obtained to the values determined by the Company; (c) we recalculated the allowances for expected credit losses based on the business models implemented; and (d) we checked the accounting records of these allowances for expected credit in the financial statements as of December 31, 2020. Additionally, we reviewed the fair value of hybrid financial instruments subject to a higher degree of uncertainty, since it depends on valuation techniques based on the Company's internal models using complex subjective assumptions. Finally, our procedures also included an evaluation of the disclosures made by BNDESPAR in the financial statements as described in said explanatory notes.

Based on the audit approach, the auditing procedures performed, and the audit evidence obtained, we considered as acceptable the assumptions and methodology used by the Company's Management to measure and present the financial instruments and their respective accounting records and disclosures in the context of the financial statements taken as a whole.

Other matters

Statement of value added

The statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's Management, and presented as supplemental information for IFRS purposes, have been subject to auditing procedures which were performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, according to the criteria defined in said Technical Pronouncement and are consistent in relation to the financial statements taken as a whole.

Information other than the financial statements and auditor's report thereon

The Company's Management is responsible for this other information that is included in the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in Management Report, we are required to report this fact. We have nothing to report in this regard.

Responsibility of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with governance are those individuals responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our qualified opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements for the current year and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 10, 2021



Ana Cristina Linhares Areosa

Grant Thornton Auditores Independentes