

BDMG 2020 |

Promoting
Sustainable
Development



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1. MINAS GERAIS

OVERVIEW

21 MILLION INHABITANTS [2018]

Similar to Australia

2nd most populous state of Brazil

LARGER THAN FRANCE AND GERMANY

In Territorial extension

Total area of 586.5 km²

4th largest state in Brazil

853 MUNICIPALITIES

and 12 regions very different between themselves

50 municipalities concentrate 53% of the population



ECONOMY



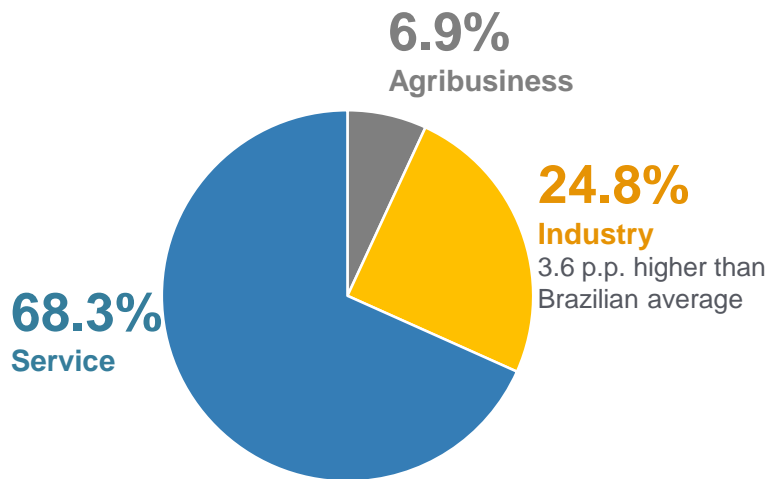
3rd LARGEST GDP

between Brazilian states: USD 149.62 billion* [2018]



2nd LARGEST INDUSTRY

11.6% of Brazilian industry



Minas Gerais – GDP (2018)

Sources: FJP, IBGE, PNADC (T)

* Exchange rate: BRL/USD 4,00, on May 15th ** AV at 2016's prices



2. INSTITUTIONAL

INSTITUTIONAL

The Minas Gerais Development Bank (BDMG) is a financial institution founded in 1962 and controlled by the State of Minas Gerais, with the purpose of promoting the state's economic, financial and social development.

For more than 57 years BDMG has actively participated in the development of Minas Gerais. In its history, it has focused on generating opportunities and sustainable regional growth.

Its actions are distributed throughout the territory of the state and it supports various sectors of the economy - industry, agriculture, agribusiness, commerce and services. In addition to these sectors, BDMG finances infrastructure and urbanization projects in the cities of Minas Gerais.

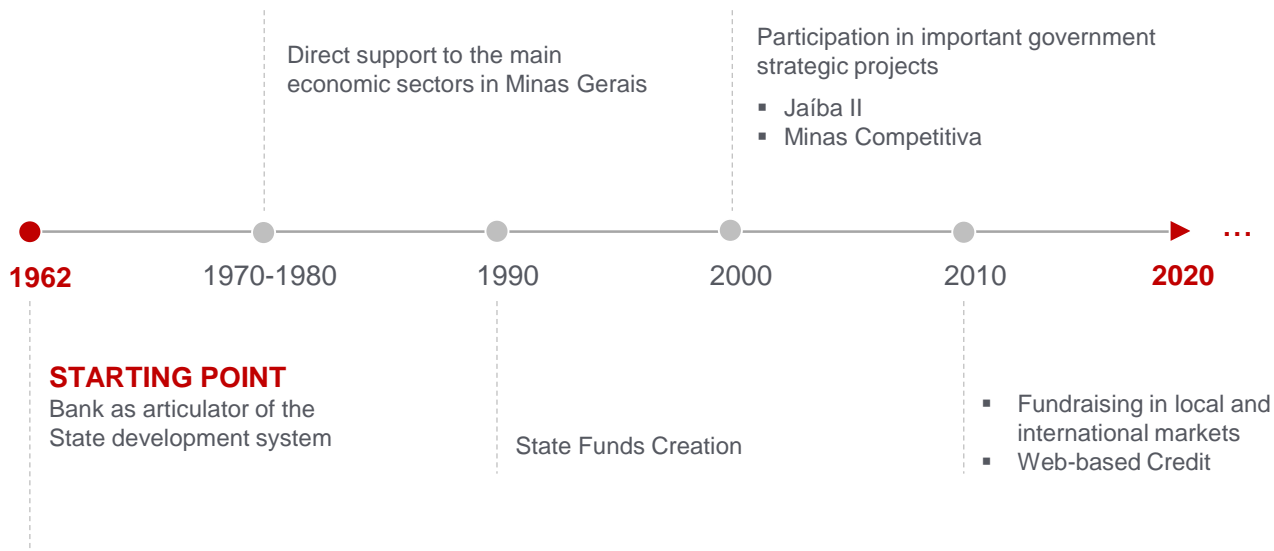
It operates with its own resources and as a financial agent of BNDES, also working with other financing programs, such as Funcafé, Finep and BNB. Furthermore, it is also the financial agent of the Development Funds of the State of Minas Gerais.







HISTORY



KEY NUMBERS

BRL 5.6 billion

Loan Portfolio²

21.440

Total clients²

BRL 1,308 million

Disbursement in 2019¹, generating the follow impacts³:



22.677 jobs
supported



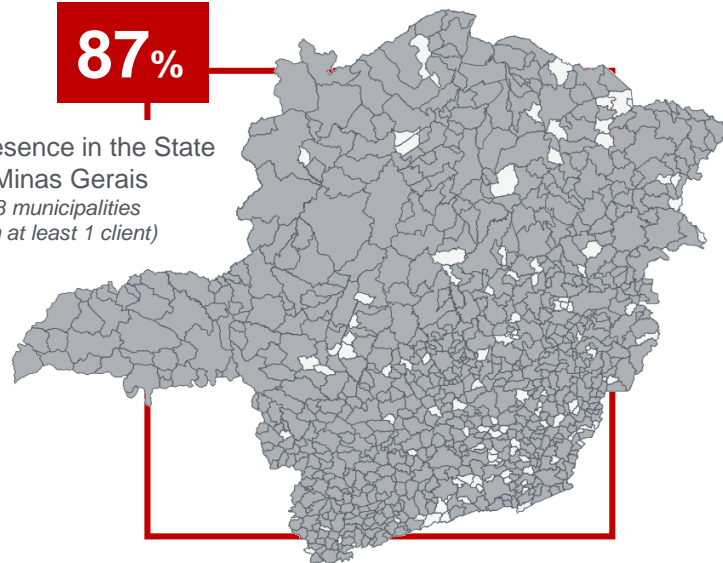
BRL 974,6 million
in impact on production



BRL 44,2 million
in tributes

87%

Presence in the State
of Minas Gerais
(738 municipalities
with at least 1 client)

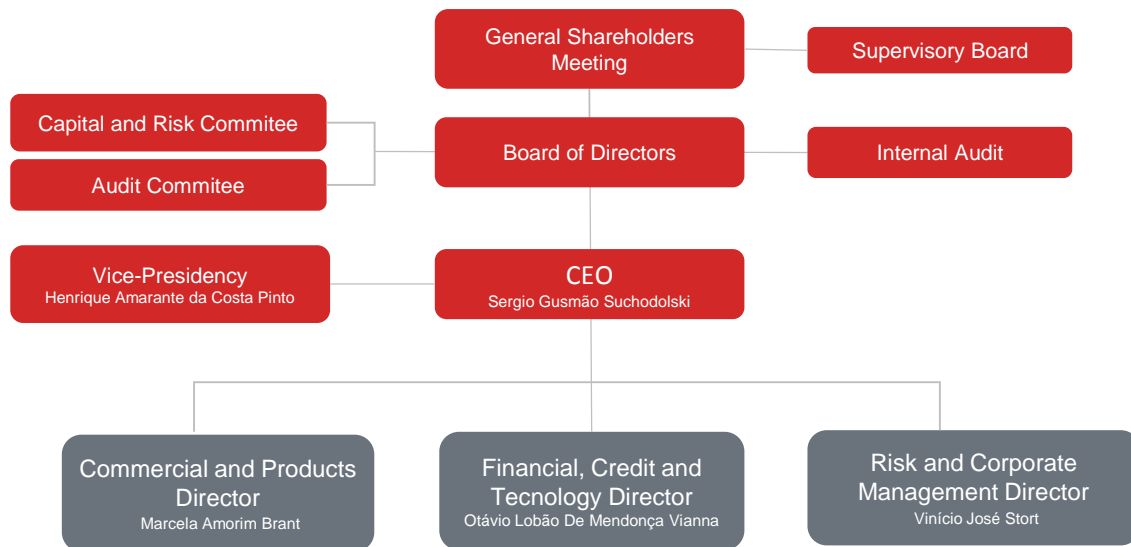


¹ Disbursements in 2019

² In December 2019

³ Estimated values

CORPORATE STRUCTURE





SÉRGIO GUSMÃO SUCHODOLSKI

PRESIDENT

Holds a Master of Laws Degree (LL.M.) from Harvard Law School, a Diplome (M.A.) from the Institut d'Etudes Politiques de Paris – Sciences-Po (Major in International Trade) and an LL.B. from the University of Sao Paulo Law School. Formerly, Mr. Suchodolski also held the positions of Special Advisor and Chief of Foreign Policy Advisor at the Secretariat of Strategic Affairs, under the Office of the President of Brazil.



HENRIQUE AMARANTE COSTA

VICE PRESIDENT

Has a bachelor in Mechanical Engineering and holds a Master of Business Administration from Federal University of Rio de Janeiro (UFRJ) and International Securities, Investment and Banking from ICMA Center - University of Reading. Mr. Amarante Costa also held the position of Secretary of Public Policy Articulation in the Investment Partnership Program (PPI) under the supervision of the Brazilian Presidency. At BNDES, he held the position of Project Structuring Superintendent.



VINÍCIO JOSÉ STORT

PLANNING, OPERATIONS AND RISK CHIEF OFFICER

Graduated in Engineering, holds a complementary degree from the University of California - Berkeley and a Master degree in Business Administration from George Washington University. He was responsible for Finance at the New Development Bank in Shanghai, managing budget, financial planning, the development asset portfolio and capital adequacy. He also worked at the IDB and other large companies.



MARCELA AMORIM BRANT

COMMERCIAL, HUMAN RESOURCES AND PRODUCTS CHIEF OFFICER

Holds a bachelor in Business Administration from the Federal University of Minas Gerais (UFMG), and an MBA in Finance and Organizational Management from Brazilian Institute of Capital Markets – IBMEC. Ms. Brant has also held prominent positions at BDMG, including Risk and Corporate Management Director.



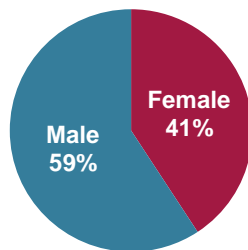
OTÁVIO LOBÃO VIANNA

FINANCIAL, CREDIT AND TECHNOLOGY CHIEF OFFICER

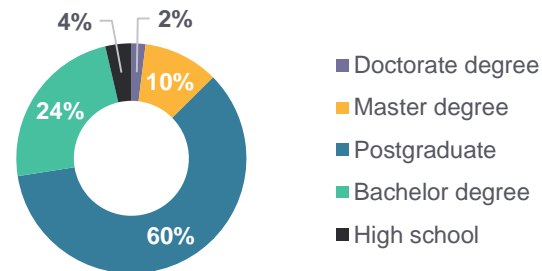
Graduated in Economics in the Federal University of Rio de Janeiro (UFRJ), holds an MBA in Finance from the same University. He worked at the Brazilian Development Bank (BNDES) as a manager of the Funding and Capital Markets department. He was also Executive Manager for the Social Assistance Foundation (FAPES) at BNDES.

EMPLOYEES

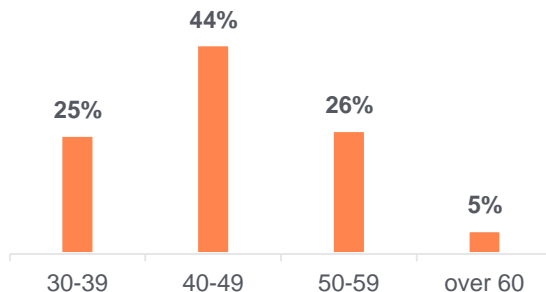
BY GENDER



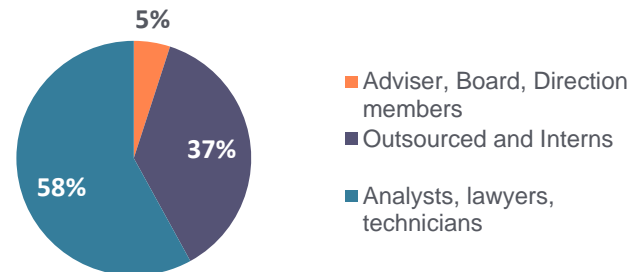
BY LEVEL OF EDUCATION



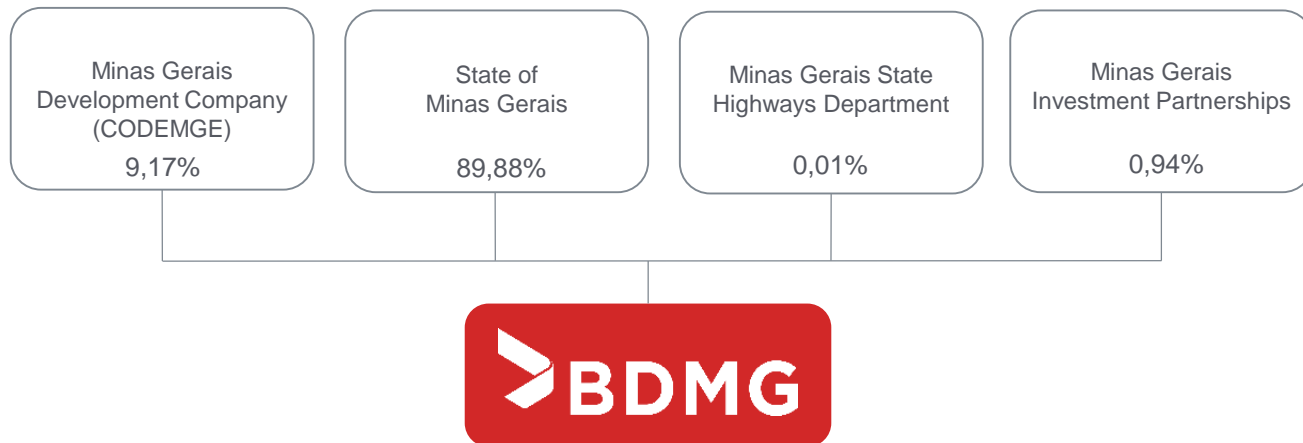
BY AGE GROUP



BY JOB POSITION



STOCKHOLDERS



RATING

Moody's

Global Scale

2020, Jan. 22

Local Currency

Long Term **B2**

National Scale

Long Term **Ba1.br**

Short Term **BR-4**

Outlook

Stable

Standard & Poor's

Global Scale

2020, Jan. 6

Local and Foreign Currency

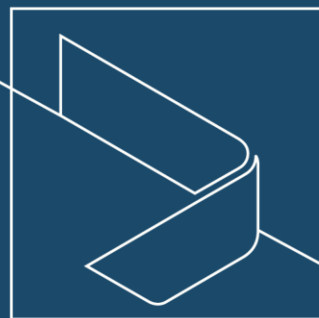
Long Term **B**

National Scale

Long Term **brA-**

Outlook

Stable



3. STRATEGY



PLANNING DRIVERS

Impact

Competitiveness

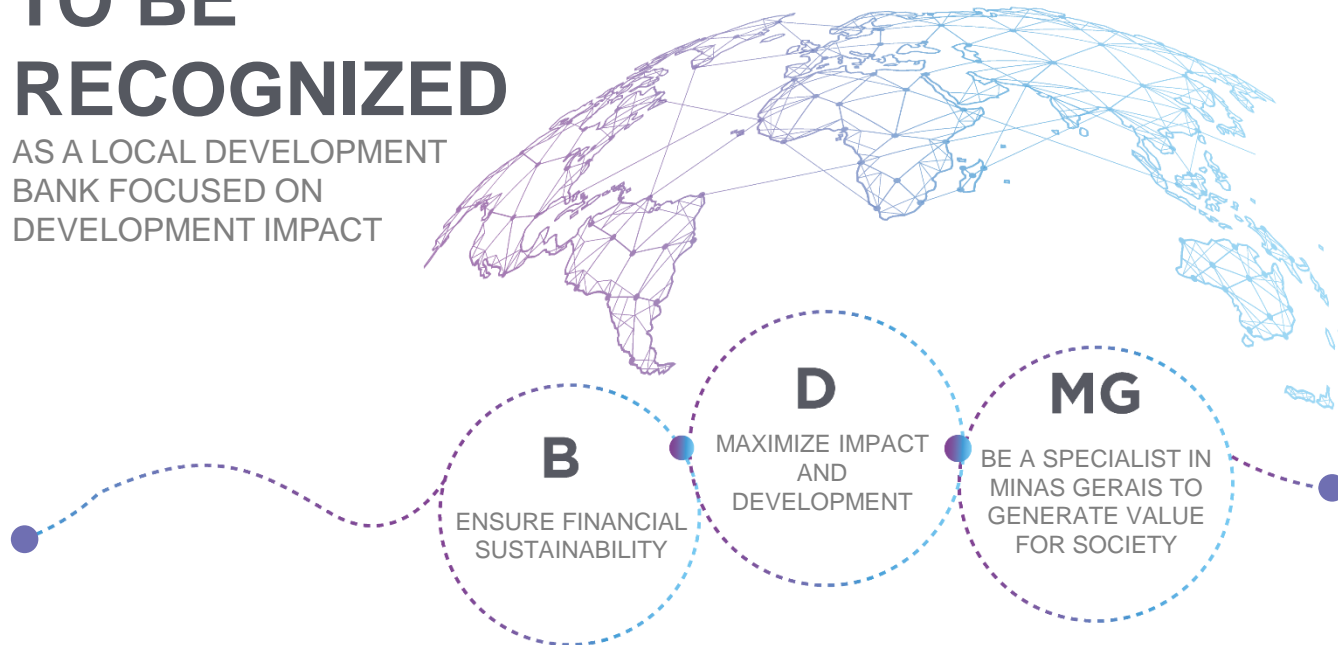
Partnership

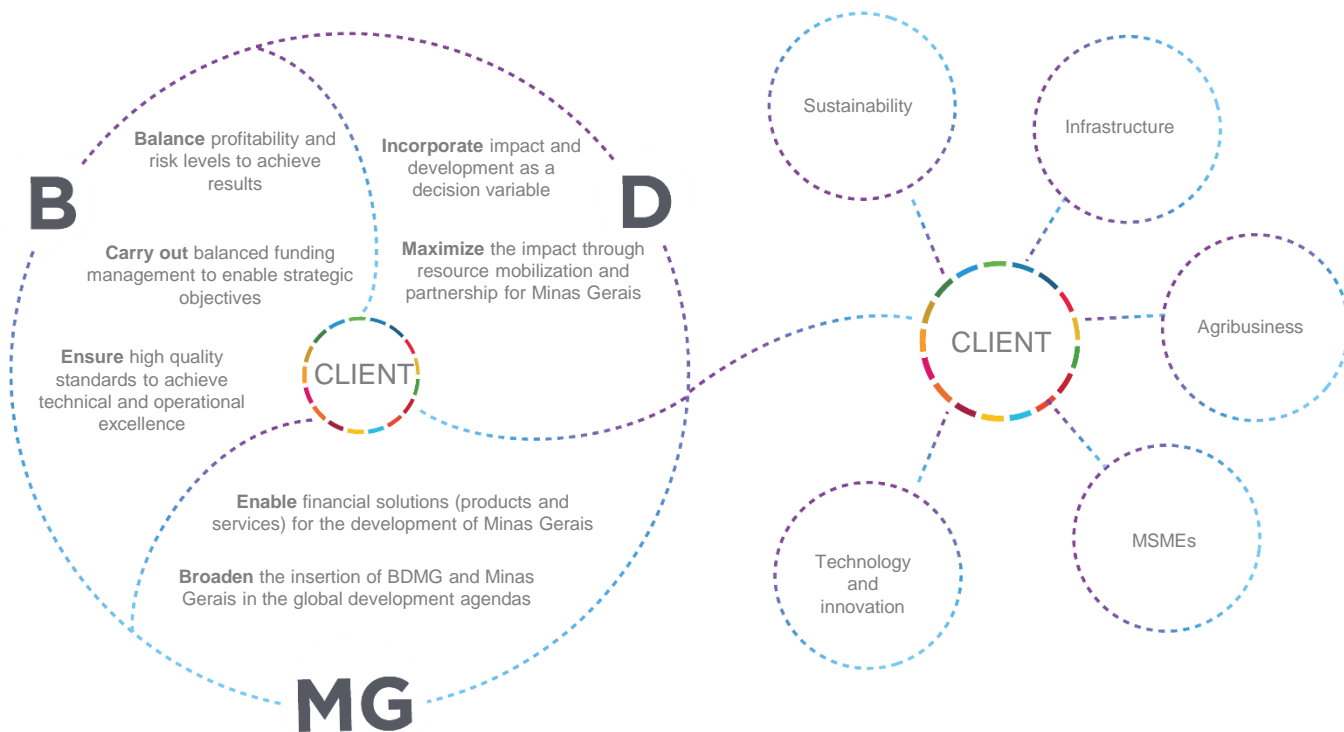
Results-based
culture

DIGITAL TRANSFORMATION

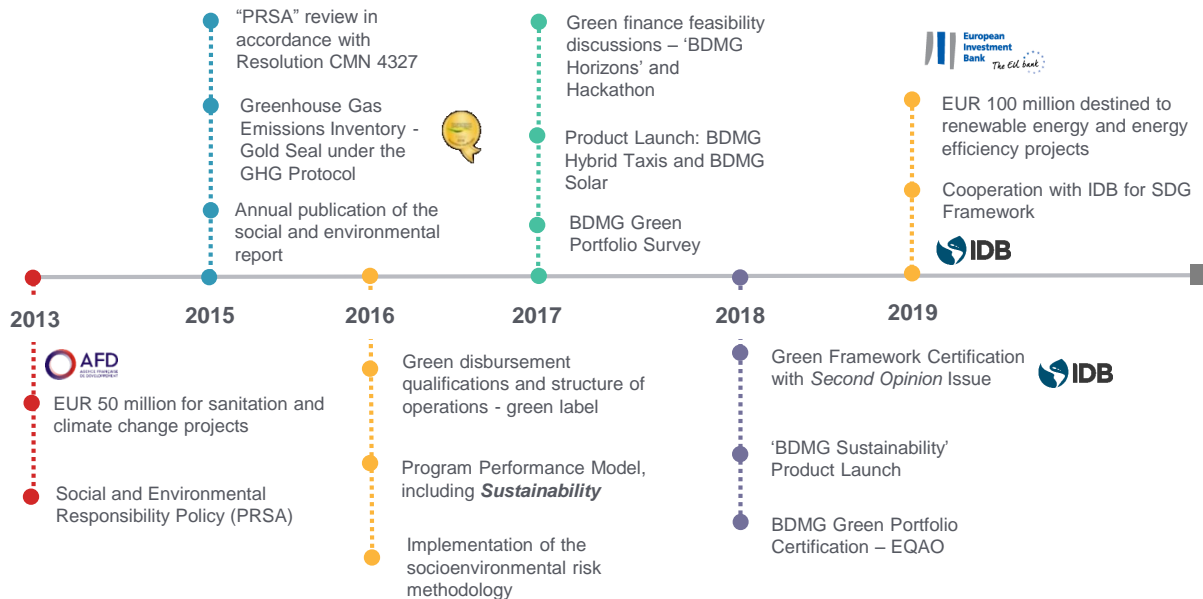
TO BE RECOGNIZED

AS A LOCAL DEVELOPMENT
BANK FOCUSED ON
DEVELOPMENT IMPACT





BDMG SUSTAINABILITY



WHAT DO WE FUND?



MUNICIPALITIES

Municipal infrastructure projects
Water and Sanitation



SOCIAL

Education and public health projects
PPP and structured projects
Financing for private clients



ENVIRONMENT

Renewable Energy
Energy efficiency
Sustainable consumption and production



MICRO AND SMALL COMPANIES, GENDER AND INNOVATION

Online credit for micro and small businesses
“Empreendedoras de Minas”
Tourism
Financing for innovative companies and partnerships in the Innovation ecosystem



AGRIBUSINESS

Sustainable agriculture and natural resources management

MUNICIPALITIES



WATER AND SANITATION

BRL 86.3 million

Sanitation projects in portfolio

INCLUSIVE AND SUSTAINABLE URBANIZATION

BRL 436.3 million

Portfolio of urban mobility and urbanization projects

QUALITY INFRASTRUCTURE

BRL 287.4 million

Infrastructure projects for intercity roads

URBAN MOBILITY



BRL 26 million

Bus Rapid Transit - BRT in Belo Horizonte and Metropolitan Region

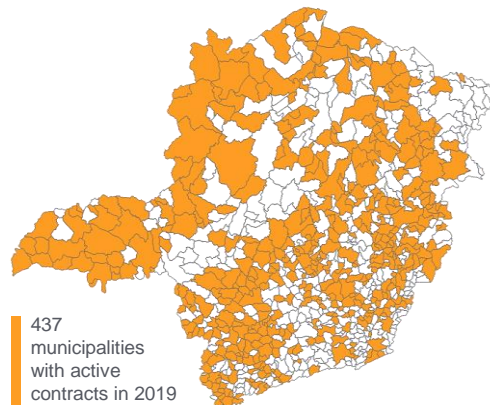


ECOSYSTEMS



BRL 49.9 million

Pampulha Lagoon Dredging



HEALTH AND EDUCATION



HEALTH

BRL 164 million



METROPOLITAN PPP

BRL 52.7 million

Balance in portfolio – Metropolitan Hospital



PRIVATE HOSPITALS

BRL 41.7 million

Portfolio of private hospitals, construction of a new hospital and maintenance of other units

“BNDES SAÚDE”

BRL 11.6 million

In portfolio, focusing on the improvement of management, expansion and modernization of health institutions

EDUCATION

BRL 84.9 million

INOVA BH PPP

BRL 67.1 million

Portfolio for the construction of 37 teaching units (“UMEIs”) with the ability to attend 19,000 children



SCHOOL BUSES

BRL 5.7 millions

Disbursed on FINAME in 2015



ENVIRONMENT



SOLAR ENERGY FINANCING

BRL 63.1 million

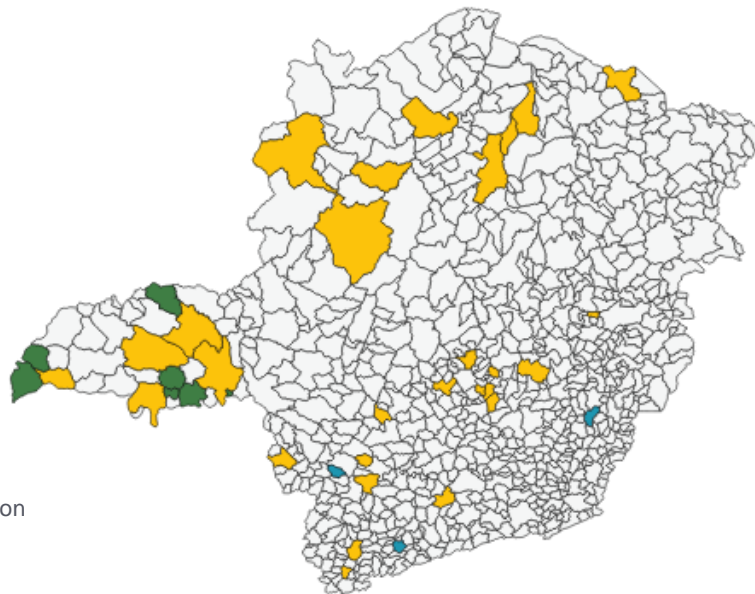
Solar financing portfolio in 2019

68%

of the operations in Minas Gerais's north region

+45,8 GWh/year

Equivalent to the average annual consumption of 23,800 households in Brazil





ENVIRONMENT- RENEWABLE ENERGIES (EIB)

The European Investment Bank (EIB) is providing € 100 millions to Banco de Desenvolvimento de Minas Gerais (BDMG) to support climate action projects in Minas Gerais. Projects of any dimensions will be able to benefit from advantageous financing conditions. Government initiatives can also be contemplated. The payment term can be 13 years, depending on the nature of the operation and the type of business, with a grace period of up to two years.

- Provide this financing for renewable energy and energy efficiency projects;
 - EIB funds will cover up 75% of climate investments;
 - Employment: 700 jobs are expected to be created during the implementation of the project.
-
- In the third quarter of 2019, BRL 30.7 million were approved for two photovoltaic solar energy generation projects in the north of Minas Gerais, with the potential to generate 18 GWh/year of solar energy.
 - 33.590 tonnes of CO² emissions have been avoided.

MICRO AND SMALL ENTERPRISES



MICRO AND SMALL COMPANIES



BRL 1.5 billion disbursed

Between 2012 and 2019

+600,000

Accesses in 2019
(+54% 2018)

+49,000

Average monthly
access in 2019

“EMPREENDEDORAS DE MINAS”

Product launch on 2018,
strengthening socioeconomic
development and gender
empowerment



BRL 42 million

Portfolio in 2019

1,736 entrepreneurs assisted
in **287** municipalities

18% of BDMG's digital platform

TOURISM

BRL 23.9 million

Portfolio of tourism in
2019

152 companies assisted in
75 municipalities

INNOVATION



HUBBLE

Environment integrated with the state's innovation ecosystem to provide connections, exchange of experiences and ideas to discuss and generate solutions for Minas Gerais.

1st BATCH RESULTS

15

Startups

256

Contracts

81

Direct
Created
Jobs

30

Mapped
POCs

BRL 8.3 million

Of income (+107,8%)

BRL 7.5 million

In investments

More than 5,600 people

Impacted directly in 84 events.



**Release of the 2nd Batch in
2019 with 13 selected startups**



**FINANCING FOR
INNOVATION**



BRL 160 million

Portfolio for Innovation 2019





AGRICULTURE

SUSTAINABLE AGRICULTURE AND NATURAL RESOURCE MANAGEMENT

FOREST PRODUCTION AND REFORESTATION

BRL 28.8 million

Balance of portfolio in 2019

IRRIGATION

BRL 4.7 million

Portfolio in 2019

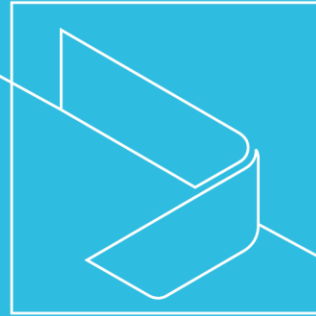
OTHER LINES FOR AGRIBUSINESS:

BRL 249.7 million

Portfolio balance of products using Agribusiness Credit Letter (LCA) resources

BRL 215.5 million

Portfolio of FUNCAFÉ, intended for coffee crop



4. PARTNERSHIPS





BDMG AS A SHARING KNOWLEDGE PLATAFORM | 2019

INTERNATIONAL EVENTS



[SEPTEMBER 2019]



[OCTOBER 2019]



[DECEMBER 2019]

PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT



TECHNICAL COOPERATION AND OTHER PARTNERSHIPS



1. Impact measurement tools focused on 2030 Agenda
2. Carbon calculator
3. New funding lines
4. Expertise in PPPs



Study alternatives for MG development and support projects for state economic diversification



Technical cooperation to work in accordance to EIB E&S standards



FiBraS Project: technical assistance for the development of green financial products for MSMEs

FRAMEWORK SDGs



Signed in 2019, this technical assistance proposes supporting BDMG to structure its SDG bond issuance and an independent assessment of the integrity of the framework, which will contribute to reassure investors that the social bond will meet their requirements.

The SDGs framework

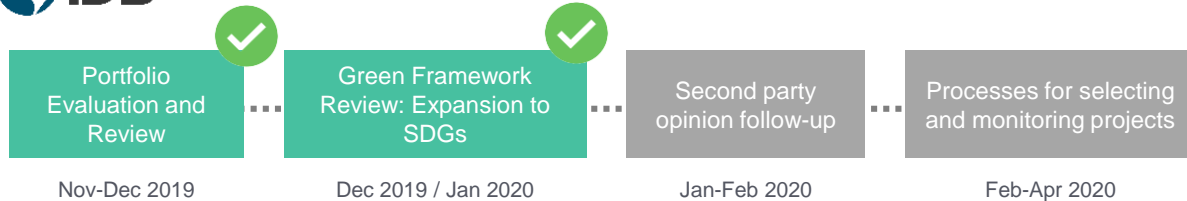
- Evaluate and review BDMG Portfolio according to SDG principles
- Review of process for project selection and management of the bond
- Review of resource allocation and management methods, in alignment with the SDG structure
- Support in the preparation of key messages for the issuance promotion and communication of the results from the SDGs framework.
- Support to Second Party Opinion selection and follow-up process, such as responding to auditors requests.

CONSULTING



SITAWI Finance for Good is a pioneer organization in the development of financial solutions for social impact and in the analysis of the social and environmental performance of companies and financial institutions.

FRAMEWORK SDGs



RESULTS

13 Of the 17 sdgs

36 Of the 169 targets

11 Possible categories identified for issuing sdgs bonds

TOTAL ELIGIBLE BALLAST

BRL 1 529.3 million

(BRL 486.4 million 24 months / BRL 774.2 million 48 months)

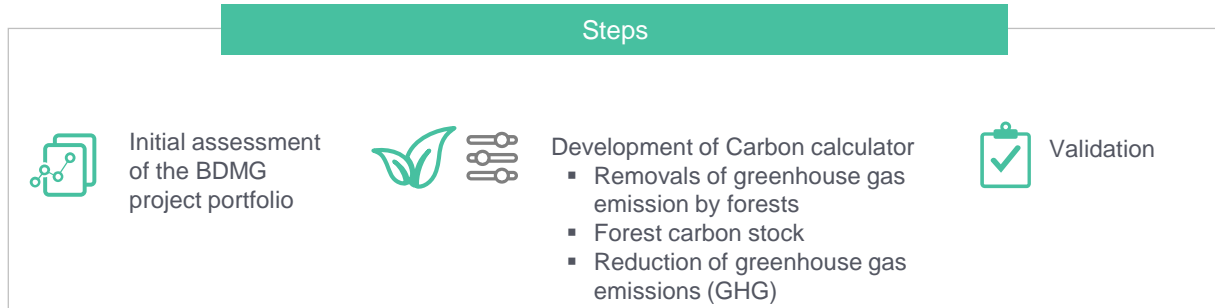
NEXT STEPS

- Evaluation of the process of tagging eligible projects
- Methodology for calculating socio-environmental benefits for the indicators report
- Automate SDGs tagging
- Framework presentation and process structuring workshop
- Monitoring system implementation



CARBON CALCULATOR

It consists in developing a methodology to calculate the carbon dioxide emissions and Greenhouse Gas Emissions, considering:



CONSULTING



WayCarbon is a reference in advising on global climate change, managing environmental assets and developing strategies and businesses aiming at eco-efficiency and a low carbon economy.

PLANTAR CARBON

Plantar Carbon is a Plantar Group company, and it develops strategies, policies and projects in the area of climate change and sustainability.

CARBON CALCULATOR



RESULTS



Diagnostic Report



Data Mapping
(types of qualified projects)



Suggestion of indicators



Other necessary data

NEXT STEPS

- Indicators Proposal
- Validation of indicators and calculation tools by category (renewable energy generation, energy efficiency, transport and sanitation)
- Tool usage manual
- Training for use



ENERGY EFFICIENCY

BDMG obtained approval for technical assistance within the scope of the FiBraS (Sustainable Brazilian Finance) project, with the objective of developing an innovative financial product with resources from the German fund GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit). The product to be built should have the prerogatives: innovative character, focus on green finance, and being scalable.

For the construction of this financial product, BDMG will have the support of BRL 500 thousand from the German fund, which can be used on demand in services for the development, implementation and launch of the proposal, as specialized consultancy (legal, accounting, tax, amongst others).



- The project sent by BDMG, prepared by a group of employees from different teams, proposes the creation of BDMG Energy Efficiency credit, focusing on micro, small and medium-sized companies, and should be marketed on the Bank's web environment.

DISASTER RESPONSE AND RELIEF

BDMG partners with Renova Foundation for economic strengthening projects

We are building new partnerships in reforestation, municipal investments in education, health, infrastructure and public safety, as well as financing for MEI and private investments in the region.



FUNDS IN ACTION



“DESENVOLVE RIO DOCE”

Working capital for micro and small companies, with interest rates below the market average.

BLR 25.9 million have been destined to 707 customers since the launch in October 2017

“COMPETE RIO DOCE”

Executed in partnership with SEBRAE, it finances vulnerable micro and small businesses in the region. BRL 3 million were destined to 65 companies in 14 municipalities (more than 250 have been consulted by Sebrae).



“DIVERSIFICA MARIANA”

Fund to attract ventures to the municipality of Mariana.



WATER AND SANITATION

BRL 390 million destined to municipalities to carry out water and sanitation projects to improve the quality of Rio Doce's water.



CULTURE AND SOCIAL AWARENESS



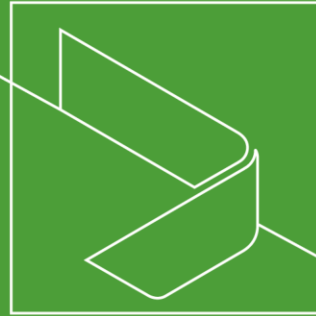
BDMG Employee Citizenship Institute was created in 1987 and its main objective is to support projects in health and education sectors.



BDMG⁹CULTURAL

Supports and stimulates the development of the artistic and cultural scene in the state. It promotes events and activities including theater, dance, classical and instrumental music, literature and visual arts.





5. OPERATIONAL PERFORMANCE



FUNDING

More than **BRL 2.5 billions**

In local and foreign funding since 2012



First Regional Development Bank in Brazil to raise funds in the international market.

USD 200 million



EUR 131 million



R\$ 1,4 billion

Local market



UPCOMING NEGOCIATIONS WITH MULTILATERALS



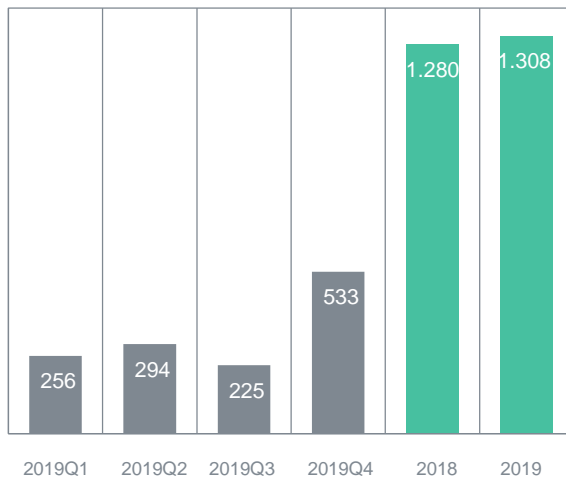
Onlending



DISBURSEMENT

BRL Million

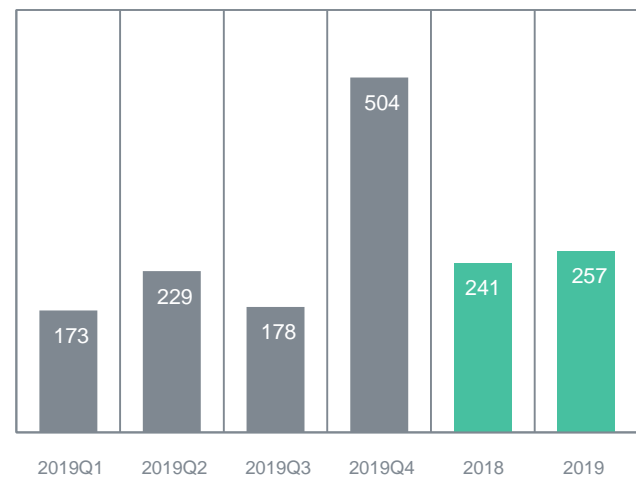
+2%



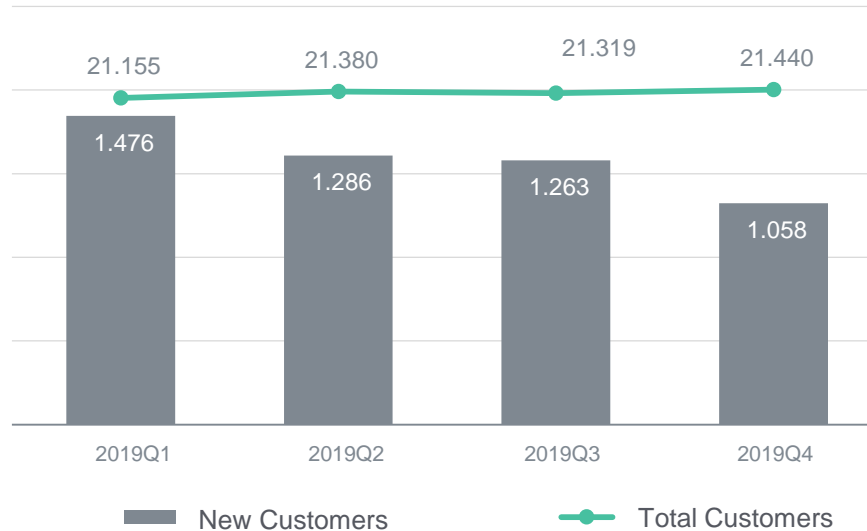
AVERAGE TICKET

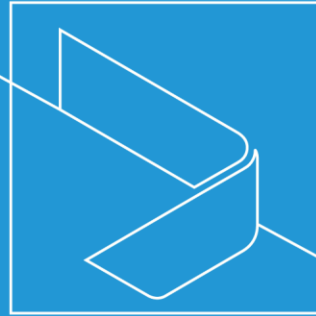
BRL Million/Customer

+7%



NEW CUSTOMERS AND TOTAL CUSTOMERS



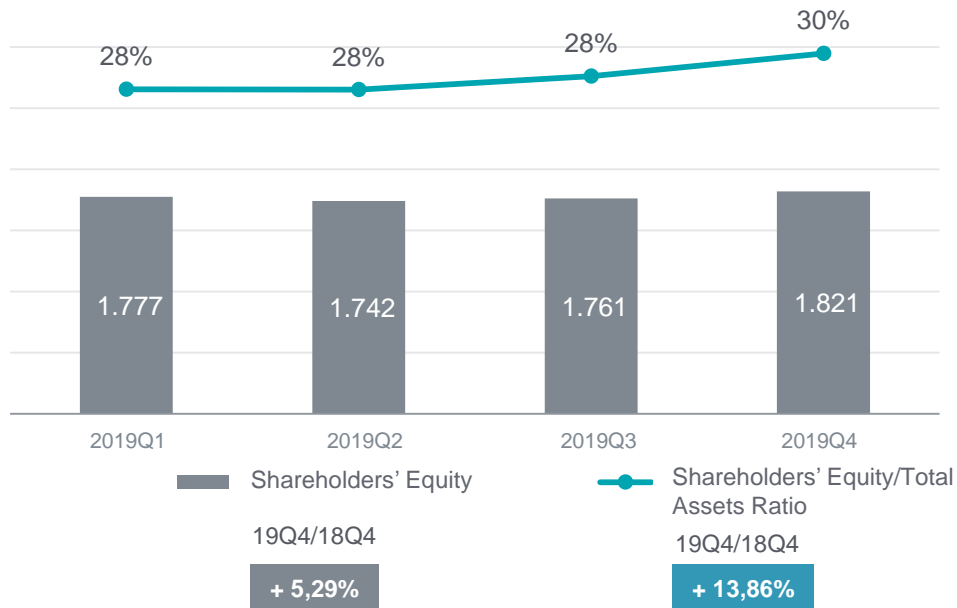


6. FINANCIAL PERFORMANCE



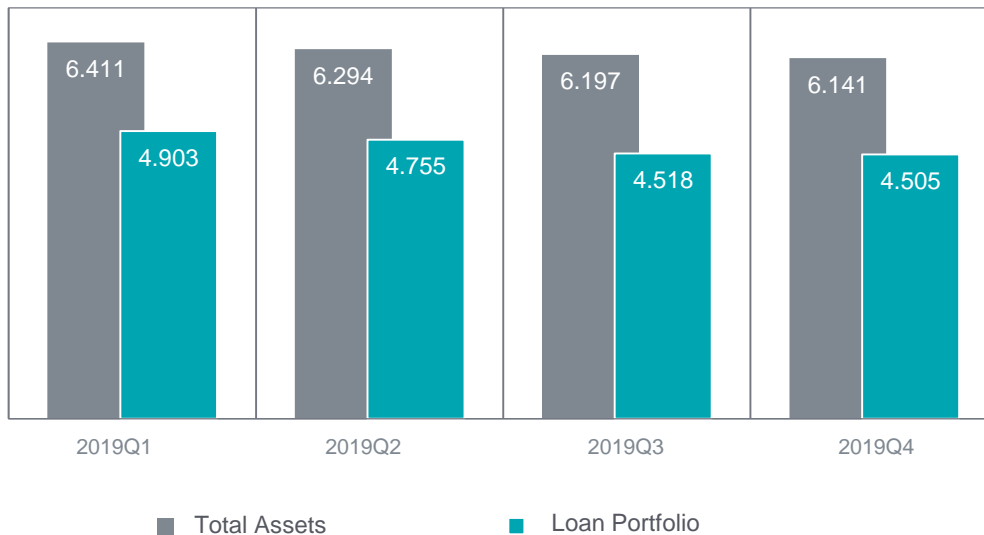
SHAREHOLDERS' EQUITY AND SHAREHOLDERS' EQUITY/TOTAL ASSETS RATIO

BRL Million and %

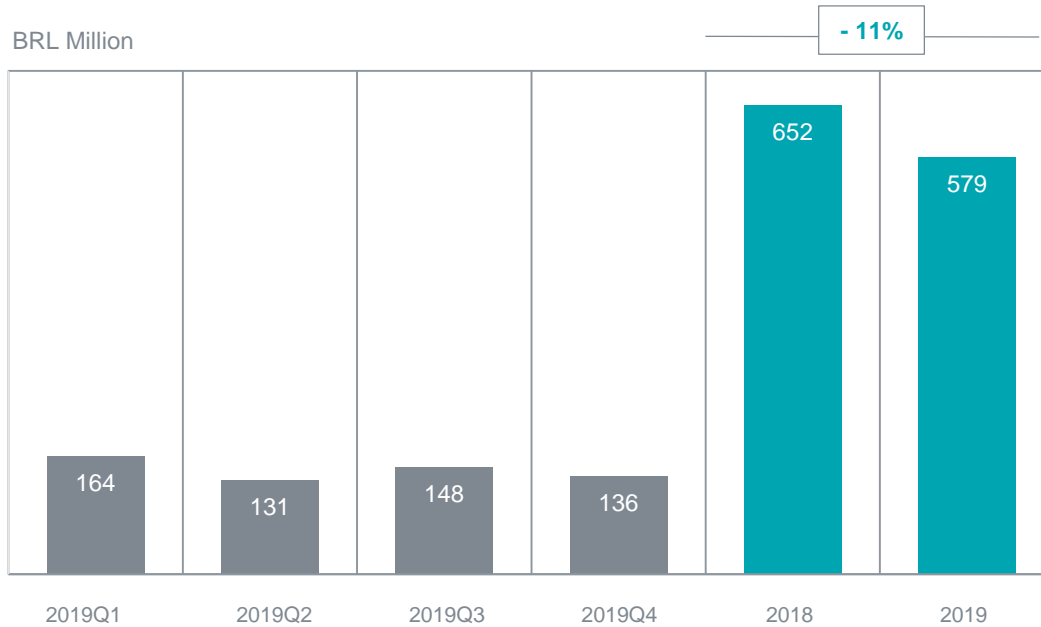


TOTAL ASSETS AND LOAN PORTFOLIO

BRL Million



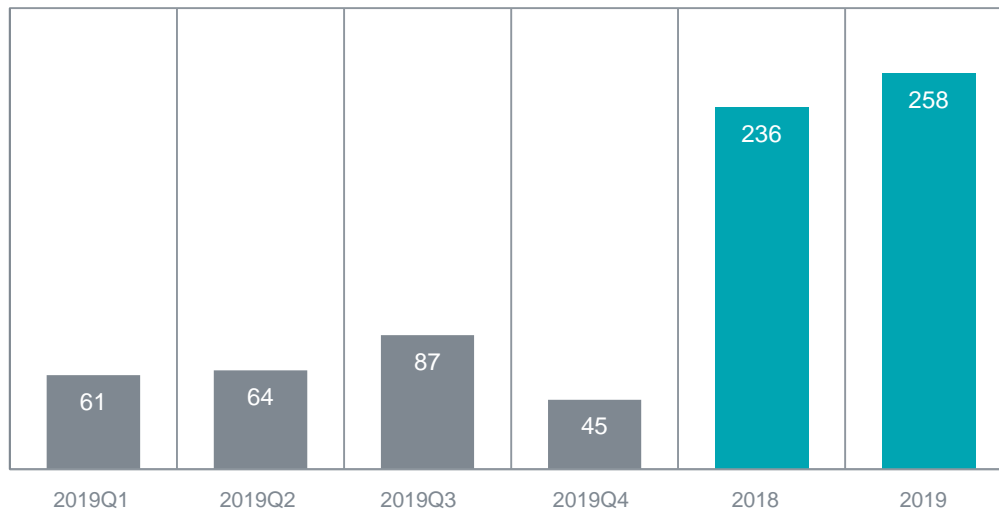
INCOME FROM FINANCIAL INTERMEDIATION



GROSS INCOME FROM FINANCIAL INTERMEDIATION

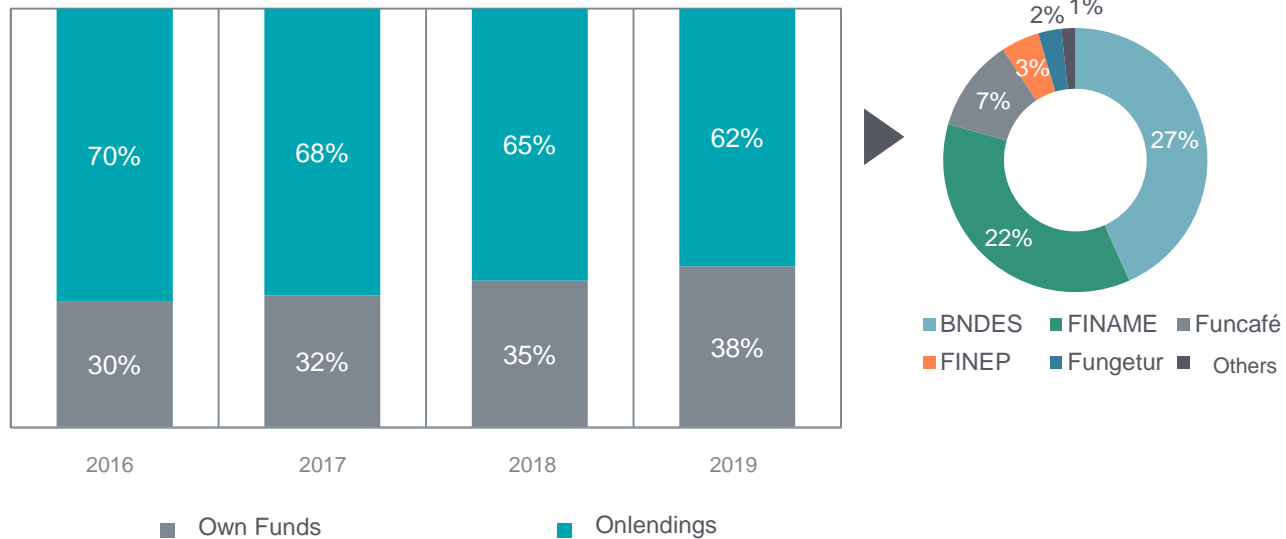
BRL Millions

+ 9%



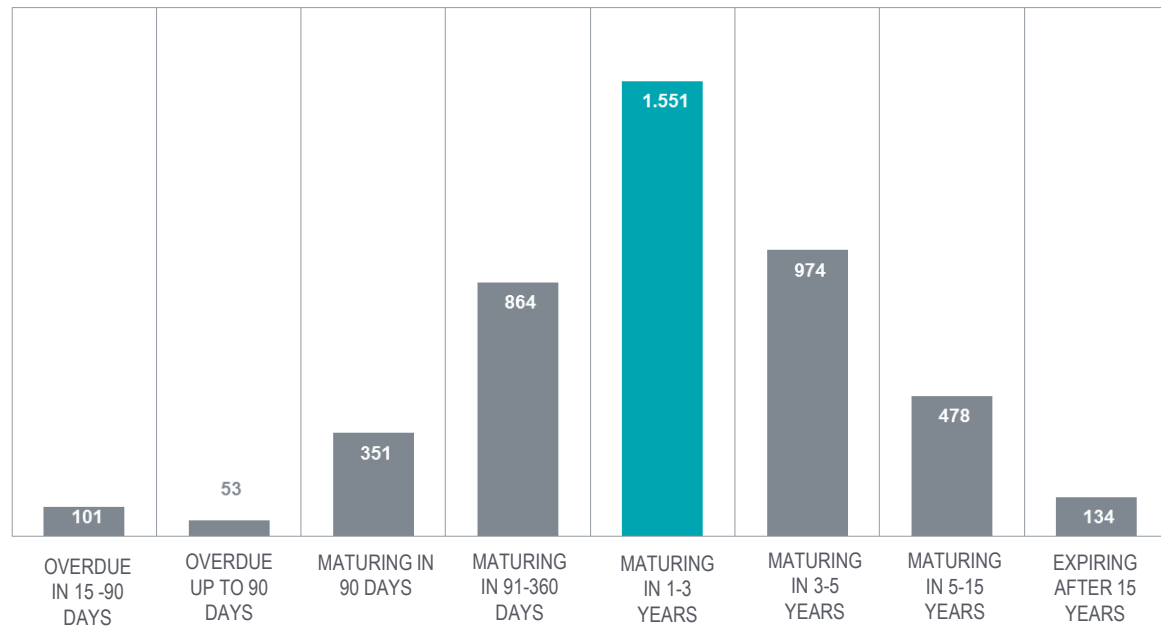
LOAN PORTFOLIO BY FUND CATEGORY

% Loan Portfolio



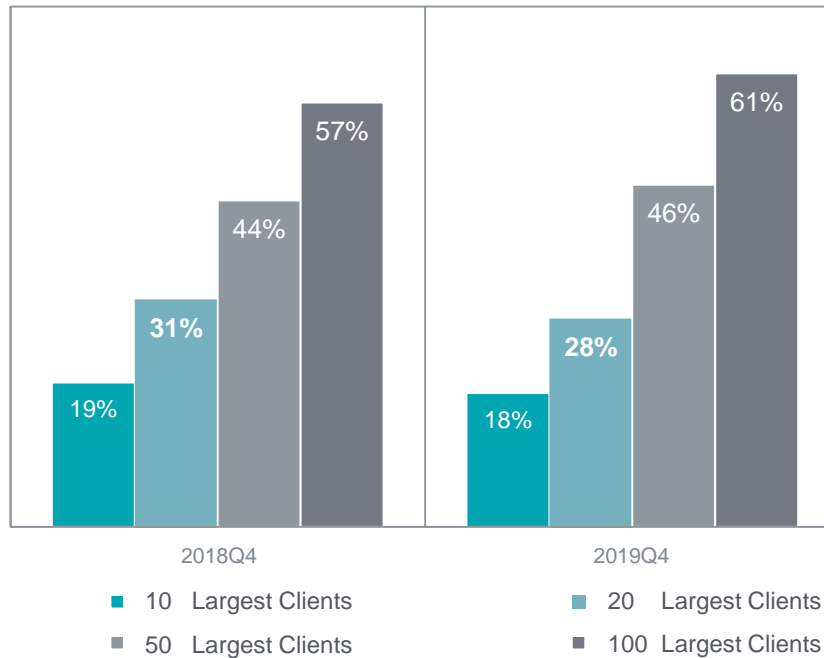
MATURITY OF LOAN PORTFOLIO

BRL Million - Position on December 2019



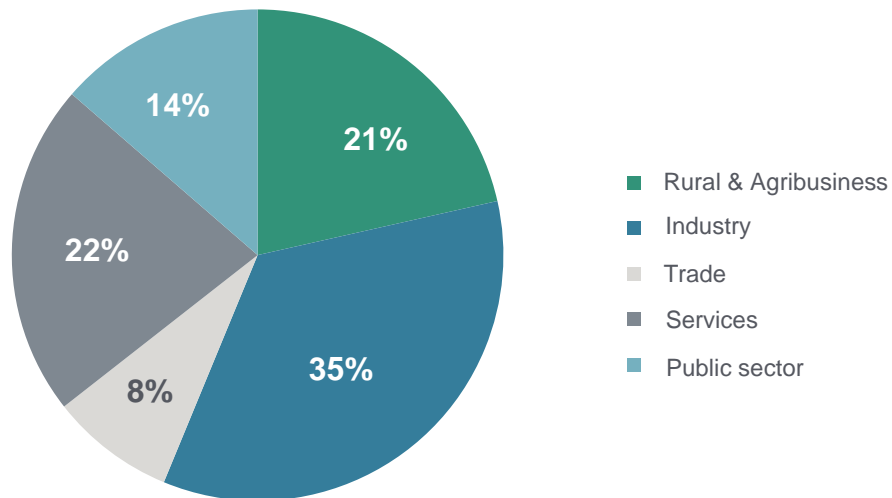
CREDIT PORTFOLIO CONCENTRATION

% Loan Portfolio



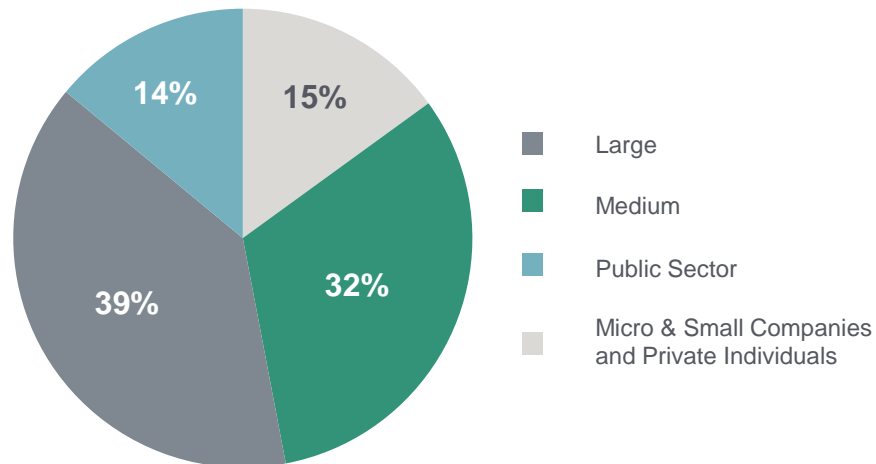
LOAN PORTFOLIO BY ACTIVITY SECTOR

% Loan Portfolio - Position on December 2019



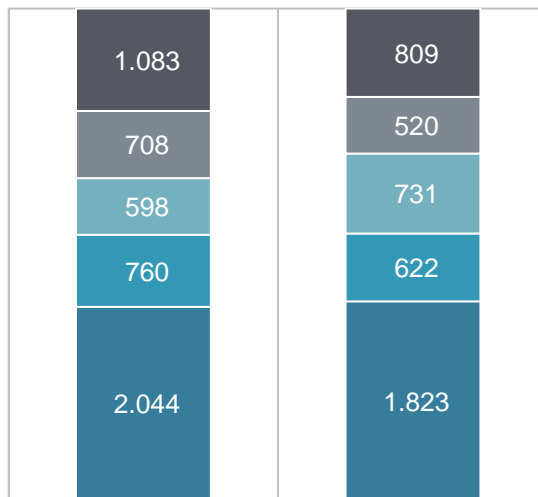
LOAN PORTFOLIO BREAKDOWN BY CLIENT SIZE

% Loan Portfolio - Position on December 2019



LOAN PORTFOLIO BREAKDOWN BY RISK LEVEL

BRL Million

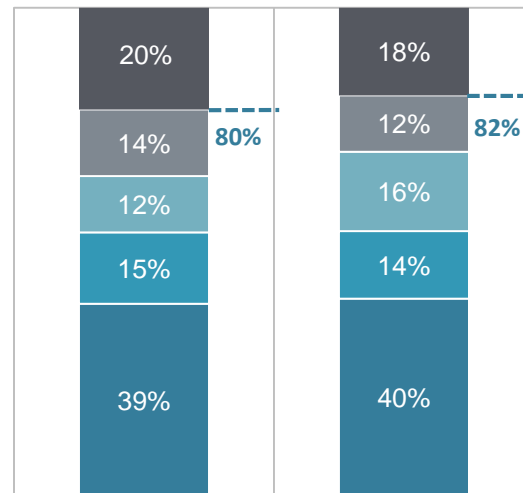


2018Q4

2019Q4

■ AA ■ A ■ B ■ C ■ D-H

% Loan Portfolio

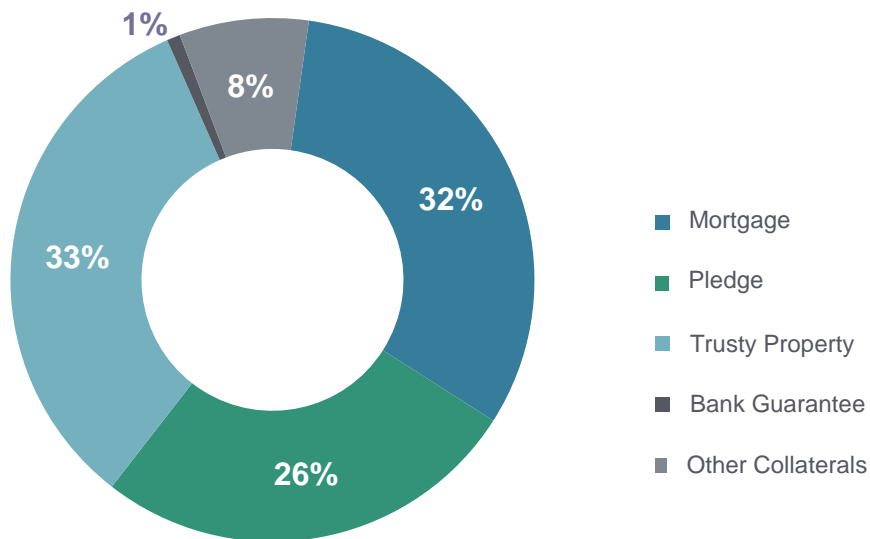


2018Q4

2019Q4

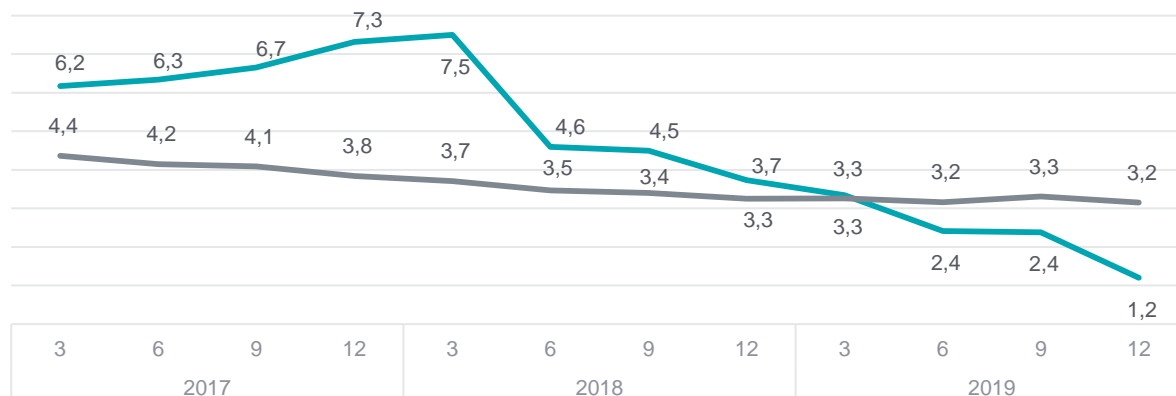
LOAN PORTFOLIO COLLATERALS

Position on December 2019



DELINQUENCY RATE EVOLUTION > 90 DAYS

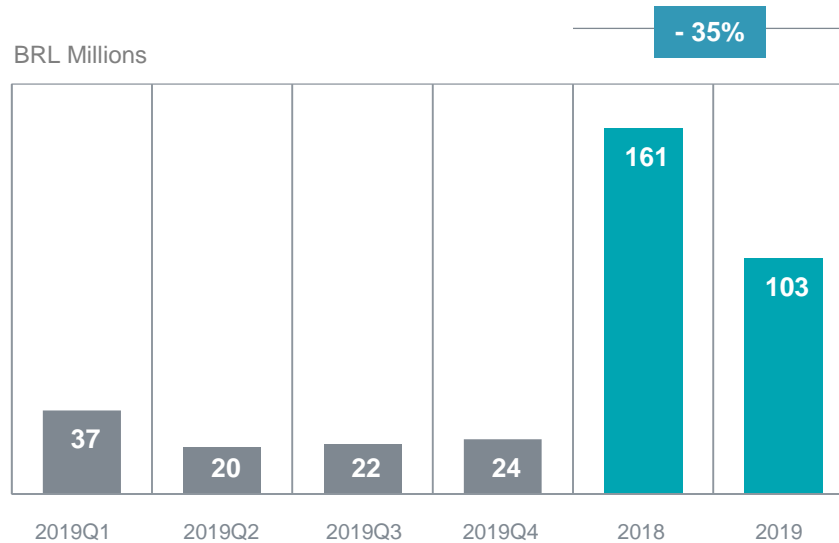
% Loan Portfolio



— BDMG > 90 days — Private NFS > 90 days

Coverage Index Delinquency > 90 days: 7,48 (2019/Dec)

LOAN LOSSES EXPENSES



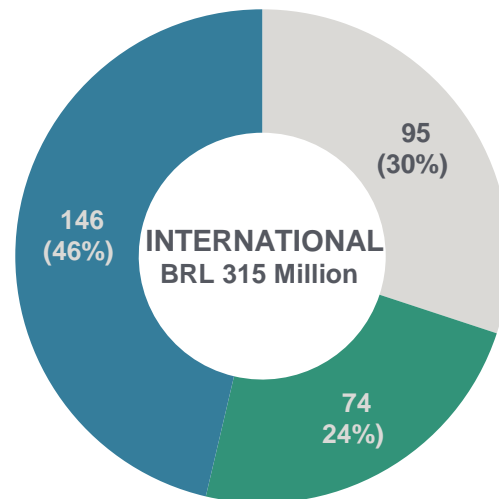
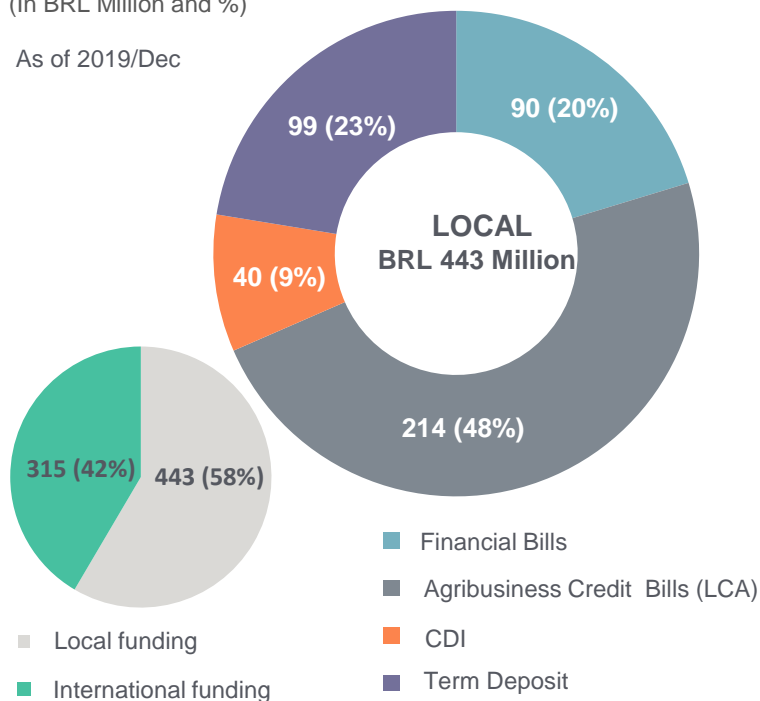
ONLENDING FROM OFFICIAL INSTITUTIONS

BRL Million	2019/12/31	2018/12/31	Variation (%)
BNDES	1.201	1.693	-29%
FINAME	1.001	1.133	-12%
Funcafé	316	297	6%
FINEP	130	117	11%
Fungetur	79	16	383%
Others	37	41	0%
Total	2.763	3.298	-16%
Current	933	1.060	-12%
Noncurrent	1.830	2.238	-18%

FUNDING

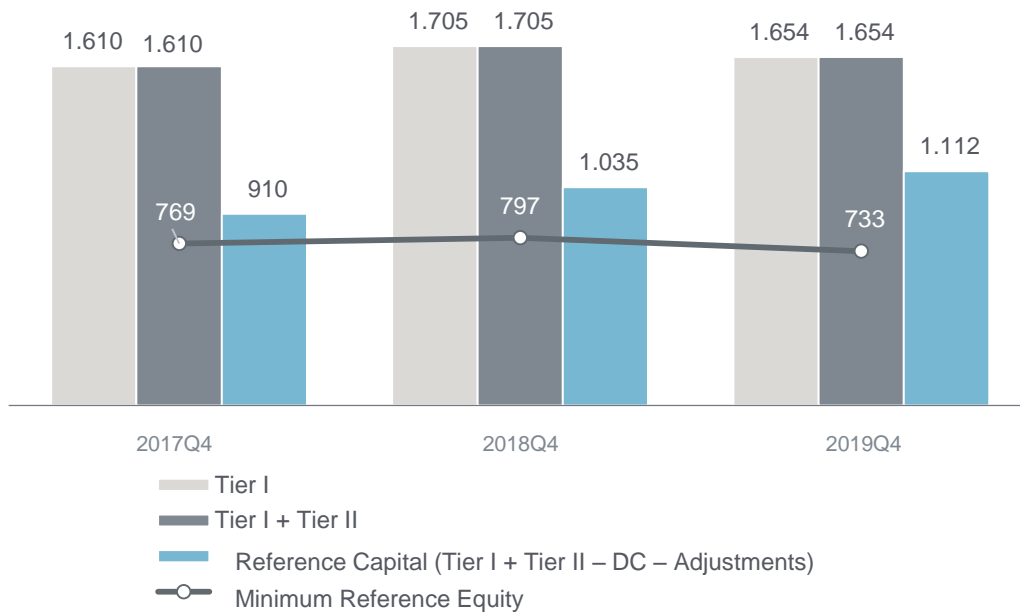
Values marked to market (MtM)
(In BRL Million and %)

As of 2019/Dec



REFERENCE EQUITY

BRL Million

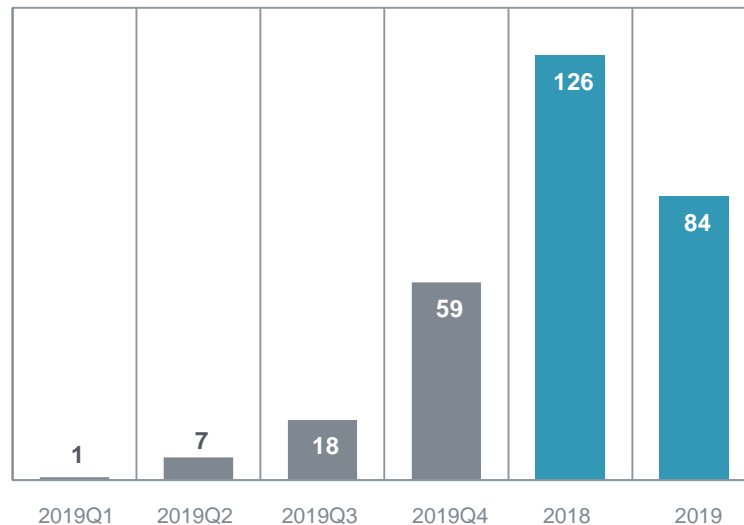


OPERATIONAL LIMITS

Statement of the calculation of the reference equity and Capital Ratios (BRL Million)	2019Q3	2018Q4
Shareholders' equity	1.821	1.729
Reference equity level I (RE level I) or Principal capital (PC) - (a)	1.654	1.705
Capital allocated to transactions with the public sector - (b)	542	670
Reference equity (RE) - (a-b)	1.112	1.035
All risk-weighted assets (RWA)	5.572	6.369
Credit risk (RWAcpad)	4.788	5.321
Market risk (RWAm pad)	64	379
Operational risk (RWAopad)	719	669
Part of the capital to cover for the non-negotiable portfolio interest rate risk (RWA Rban)	8	8
Minimum reference equity	733	797
Basel Index (RE/RWA)	20,0%	16,3%

NET PROFIT

BRL Millions



Impacts on results:

2019Q1 – New provision for guarantee expenses (BRL 13.68 millions).

2019Q2 – New provision for possible tax, labor and civil contingencies (BRL 20.25 millions).

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