

BDMG

**BANCO DE DESENVOLVIMENTO
DE MINAS GERAIS**

Financial Report

2020 3Q



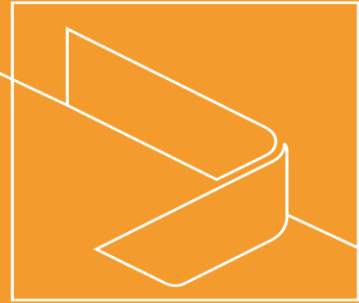
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1. MINAS GERAIS



OVERVIEW

21 MILLION INHABITANTS [2019]

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



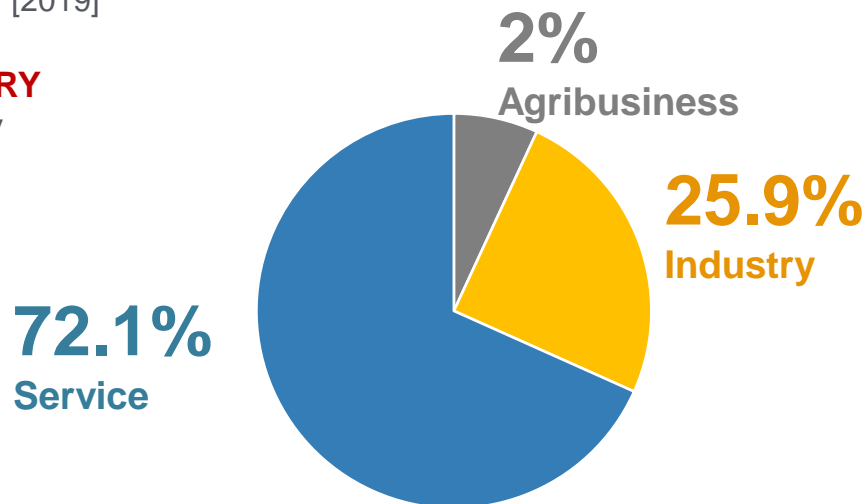
3rd LARGEST GDP

between Brazilian states: BRL 632,0 billion [2019]
8,7% of Brazilian total GDP [2019]



2nd LARGEST INDUSTRY

11.6% of Brazilian industry



Sources: FJP, IBGE, PNADC (T)

Minas Gerais – GDP (2019)
Considering only the last 3 months of the year (total GDP = BRL 164 bi)

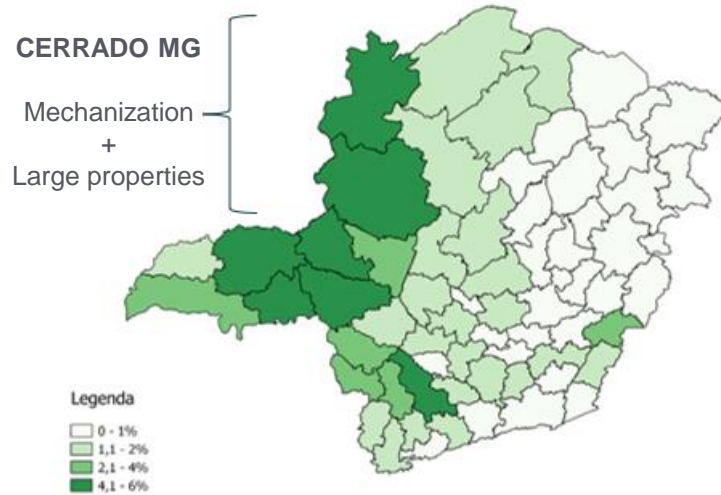
GDP CONCENTRATION

The GDP analysis reveals the high degree of wealth concentration in the territory. The 10 largest municipalities generate 43% of the GDP.

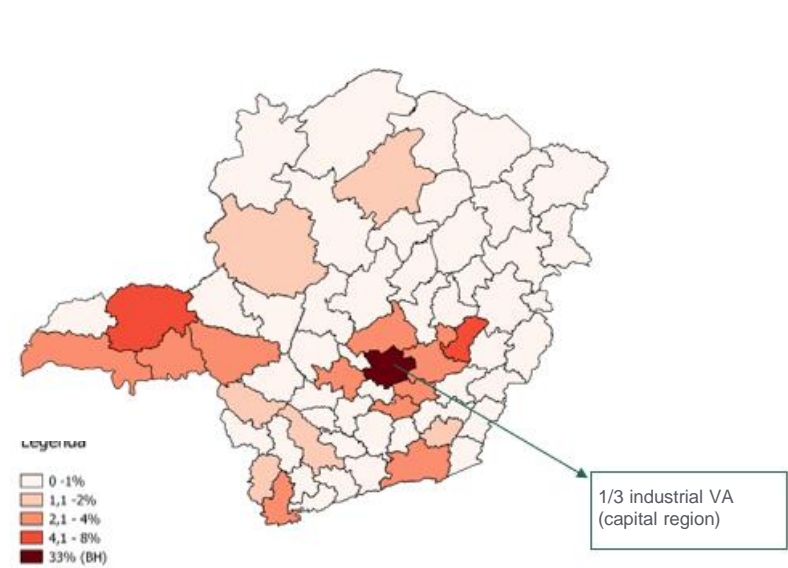
Municipality	GDP 2016 (BRL 1000)	% MG GDP
Belo Horizonte	88.277.463	16%
Uberlândia	32.536.256	6%
Contagem	26.487.357	5%
Betim	25.144.474	5%
Juiz de Fora	14.532.953	3%
Uberaba	13.453.594	2%
Montes Claros	8.739.987	2%
Ipatinga	8.482.790	2%
Nova Lima	7.480.878	1%
Sete Lagoas	7.270.912	1%
Demais Municípios	312.227.305	57%
MG	544.633.968	100%

VALUE ADDED PER MICROREGION

AGRIBUSINESS VA

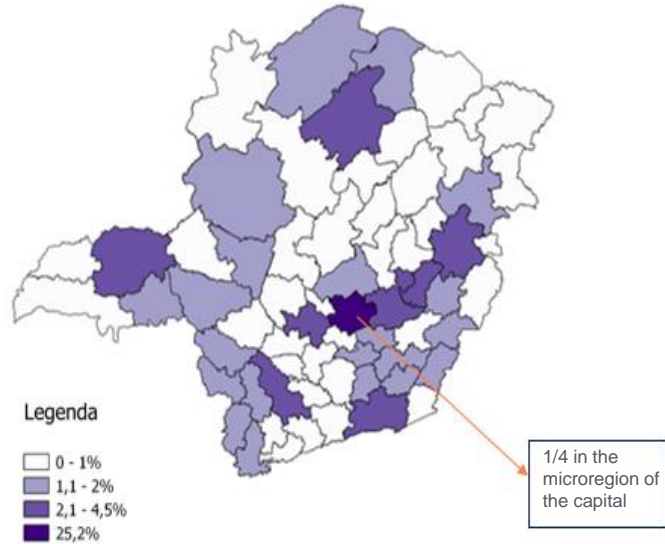


INDUSTRIAL VA

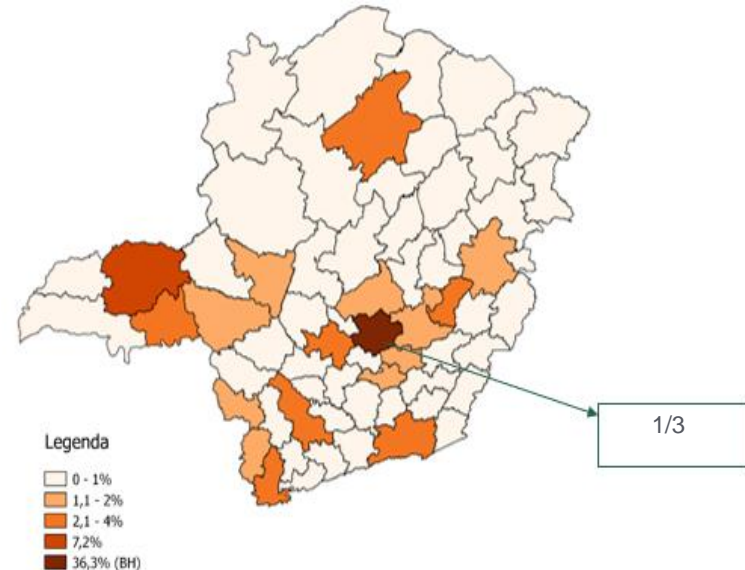


VALUE ADDED PER MICROREGION

PUBLIC SECTOR VA

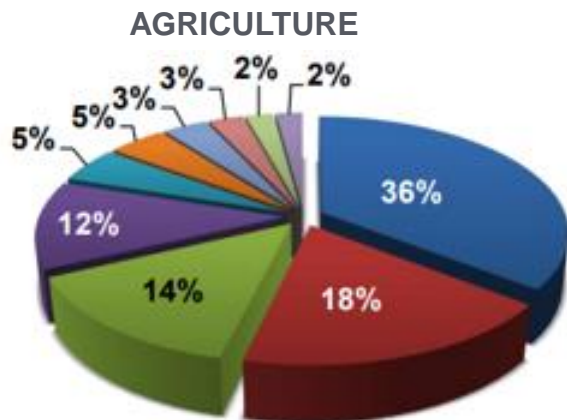


PRIVATE SERVICES VA

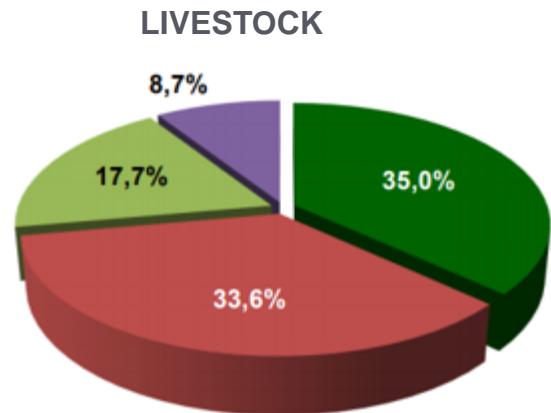


AGRIBUSINESS SECTOR

MAIN PRODUCTS - 2020

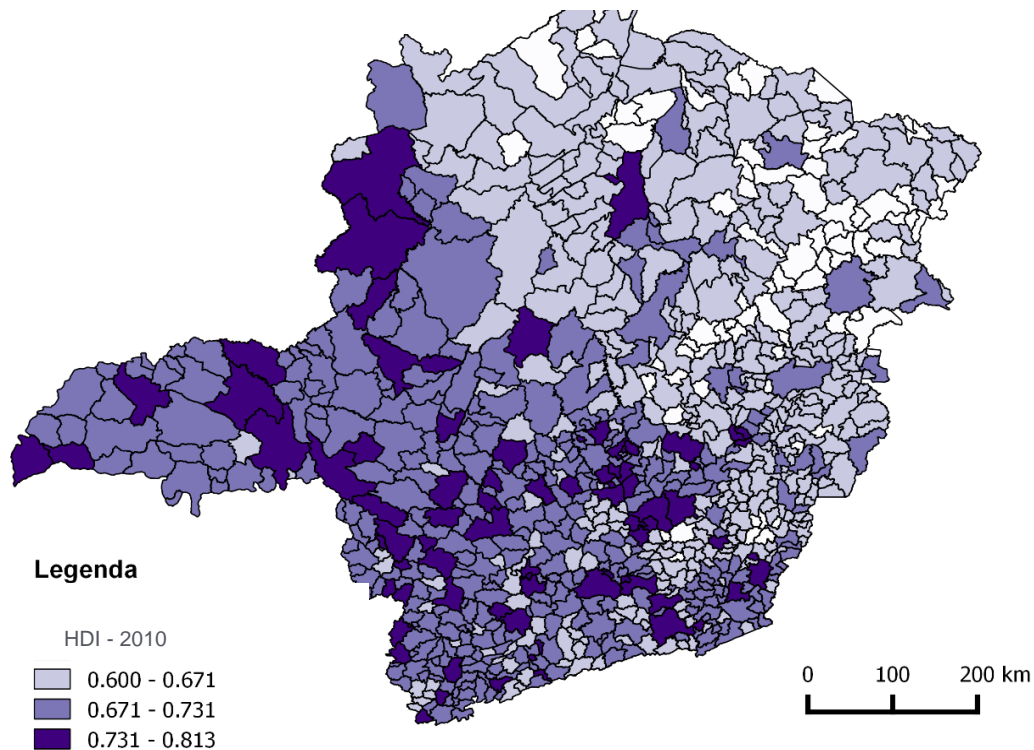


- Coffee
- Soy
- Sugar Cane
- Corn
- Potato
- Beans
- Banana
- Tomato
- Cotton
- Others



- Milk
- Cows
- Chicken
- Pigs

HUMAN DEVELOPMENT INDEX





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.

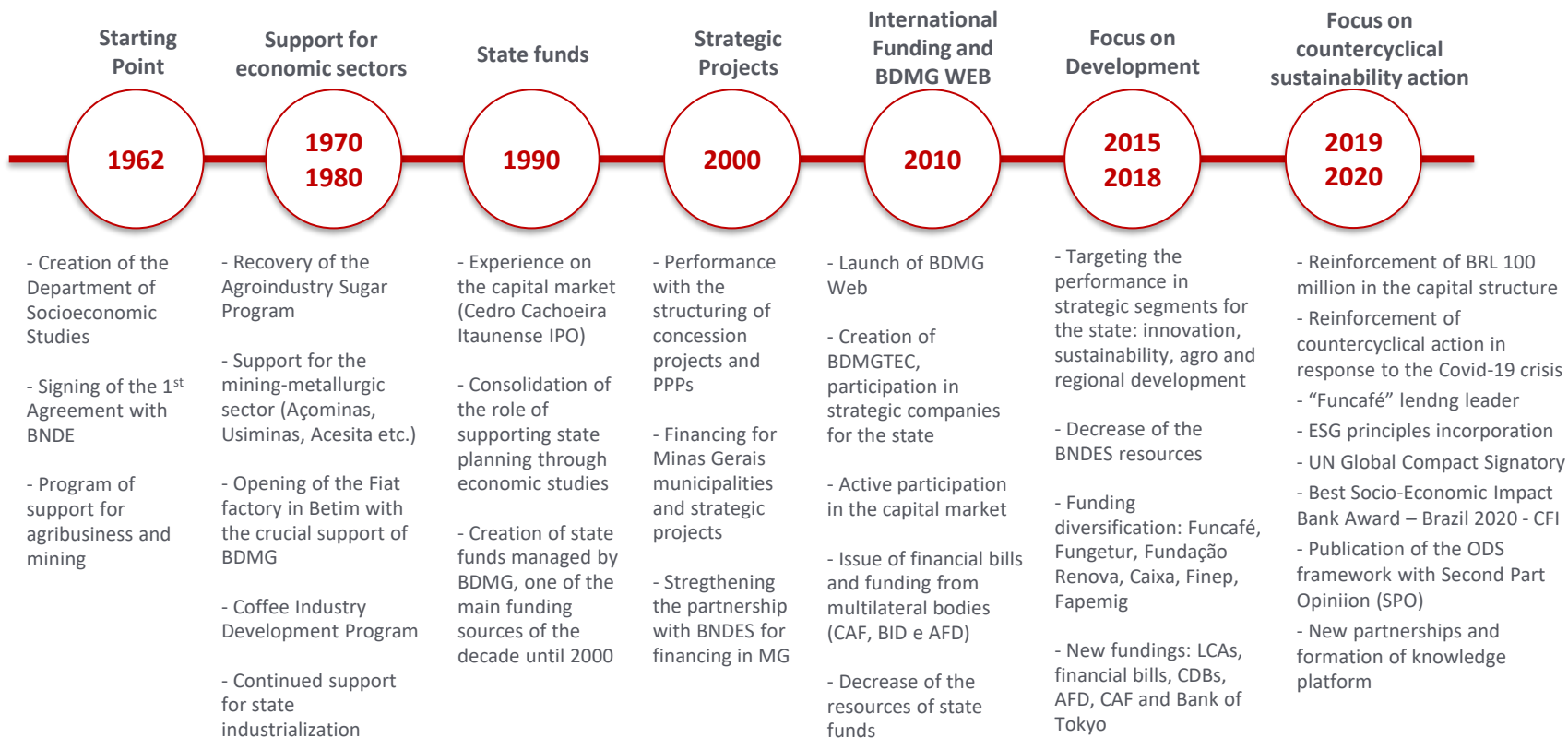
The commitments assumed by the BDMG are in line with the 2030 Agenda, which brings together member countries of the United Nations (UN) in the pursuit of objectives and goals for sustainable development.

For 2020, the BDMG has its strategy focused on environmental sustainability projects, cities in Minas Gerais, innovation and micro and small companies. In addition, actions are underway to continuously improve the level of governance and management efficiency.

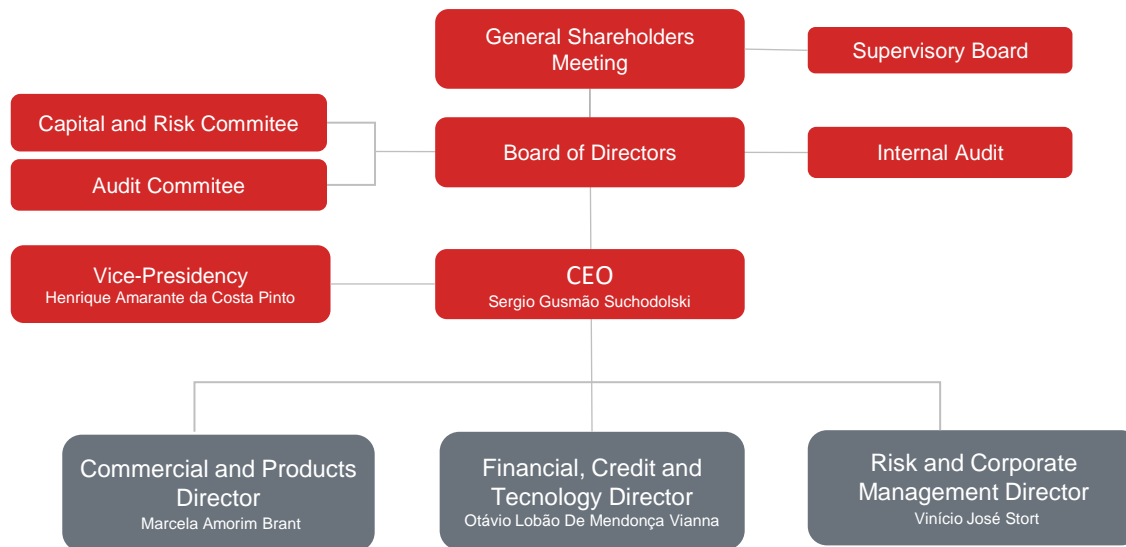
In response to the crises initiated by the COVID-19 pandemic, BDMG acted immediately, elaborating the Covid-19 Action Plan with three primary focuses: 1. Operation Support, people, keeping well-being and productivity; 2. Business, anti-cyclical measures, products and funding; and 3. Financial Sustainability, protective measures, scenarios, risks, renegotiations and liquidity.



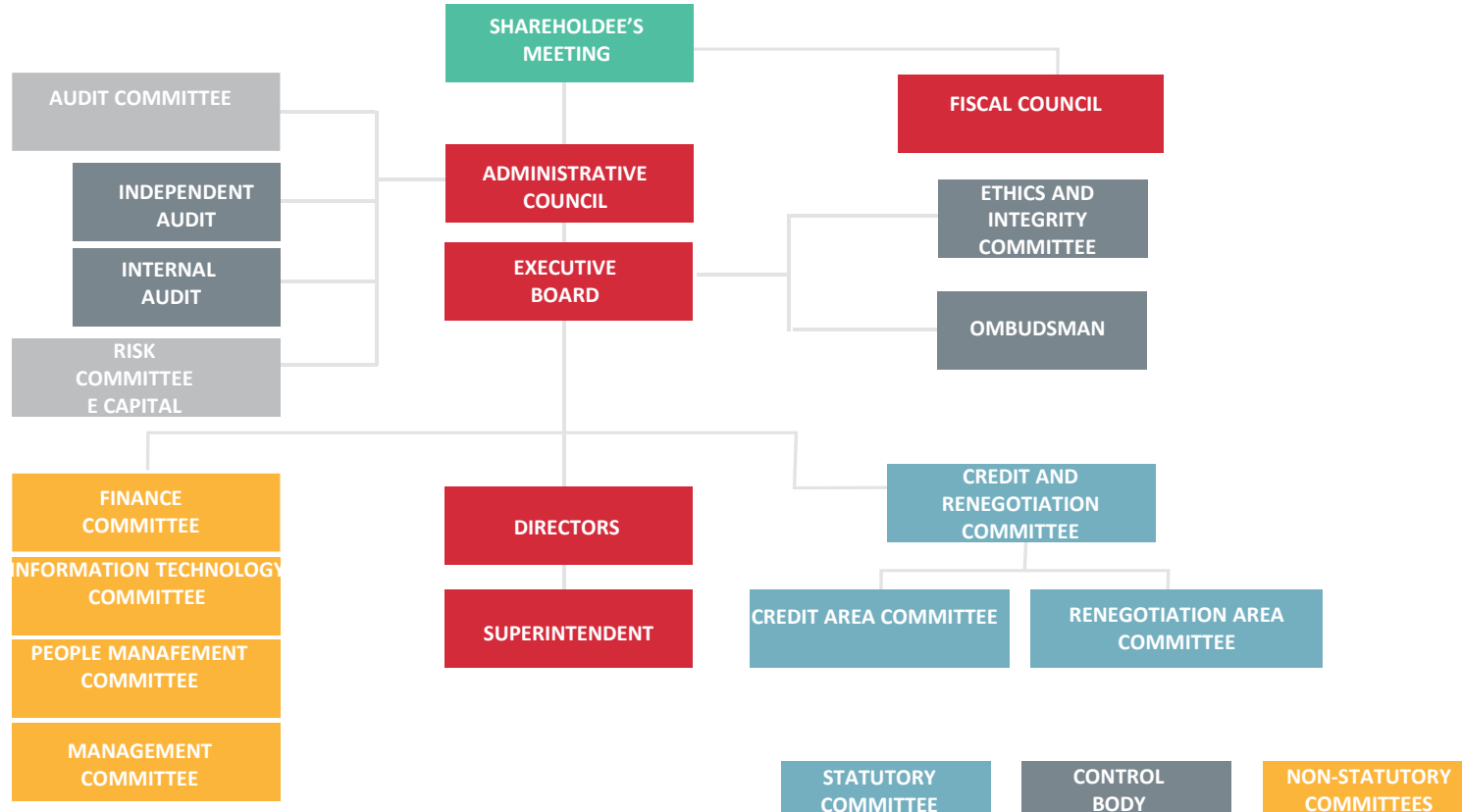
HISTORY



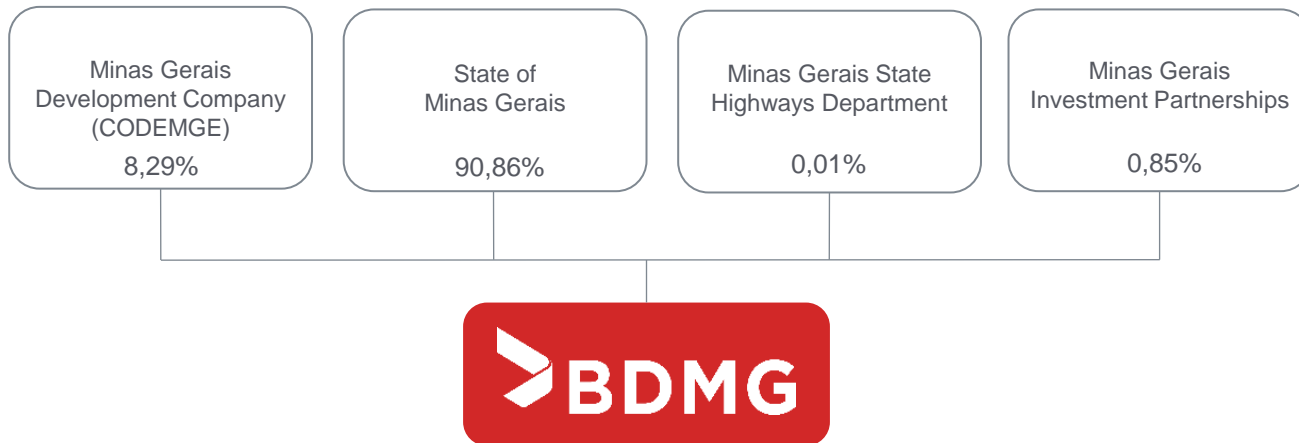
CORPORATE STRUCTURE



GOVERNANCE STRUCTURE



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

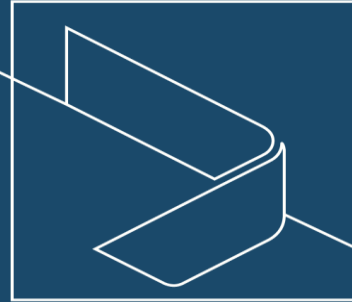
Long Term **B**

National Scale

Long Term **brA-**

Outlook

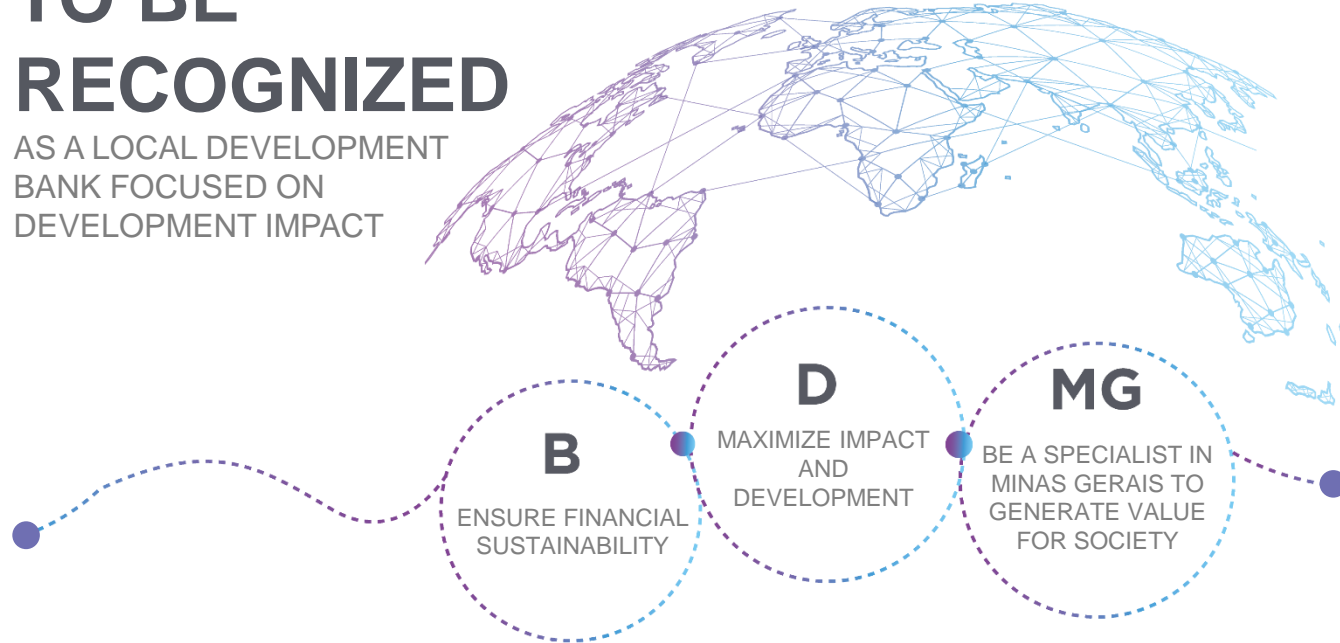
Stable

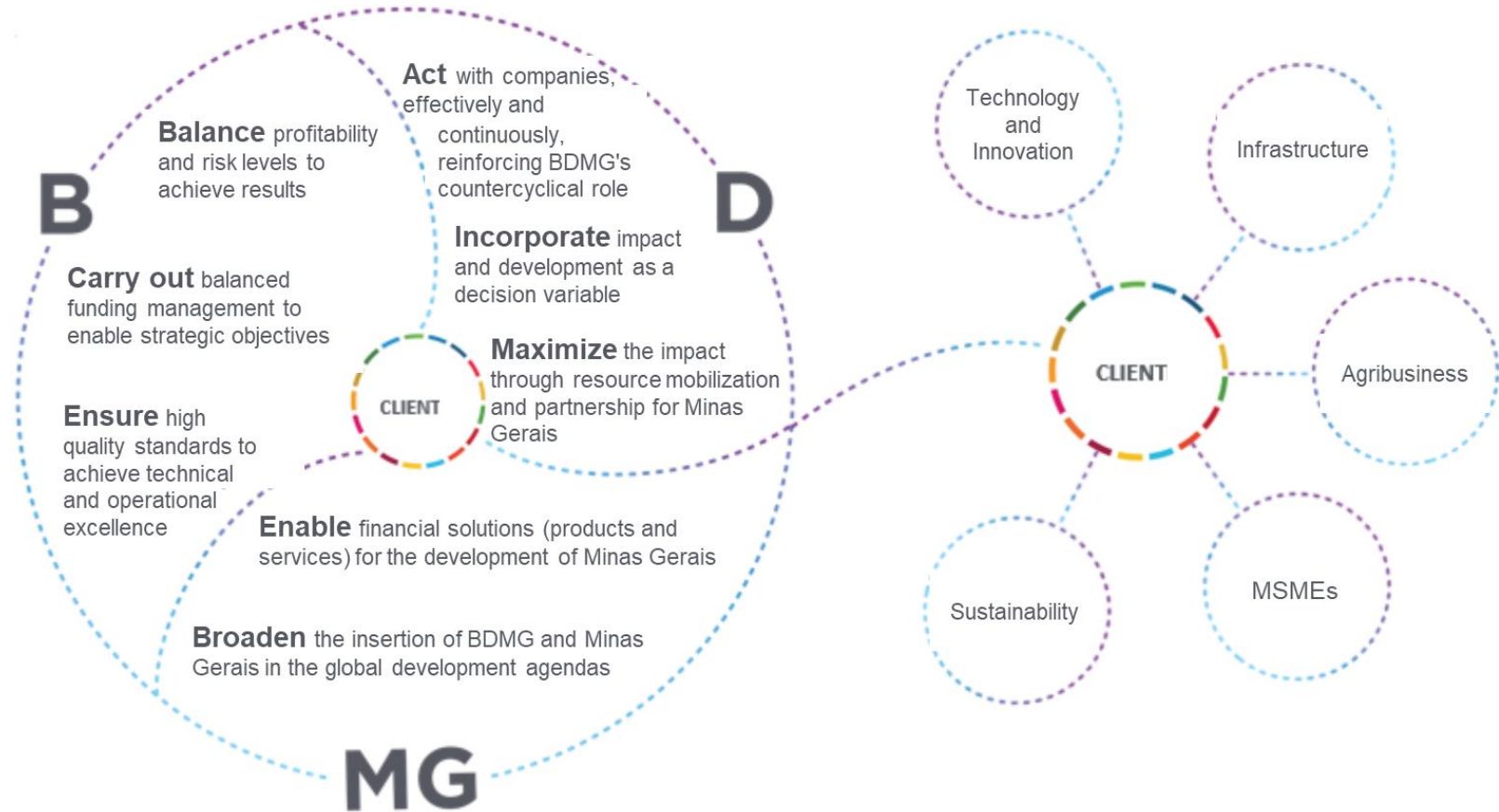


3. STRATEGY

TO BE RECOGNIZED

AS A LOCAL DEVELOPMENT
BANK FOCUSED ON
DEVELOPMENT IMPACT







IMPACT

Commitment to the Agenda 2030 and the Sustainable Development Goals (SDGs)

BDMG's positioning as a regional specialist to enable development projects

Monitoring and assessing impacts on development



COMPETITIVENESS

Excellence in financial solutions for development, including services and consultancy

Improvement of financial models and projections

Adherence to the market in terms of positioning and offer



PARTNERSHIP

Explore new business partnerships, including with institutions with the same DNA

Act as a platform for production and dissemination of knowledge

Mobilize resources for relevant projects in Minas Gerais



RESULT-BASED CULTURE

Term of office with clearly defined objectives

Highly qualified staff and technical strengthening of the team

Governance and Compliance



FINANCIAL SUSTAINABILITY (highlight)

Periodic reviews of credit risk appetite

Updated credit policy and adhering to the macro scenario

Use of instruments to mitigate credit risk and monitor scenarios

Growth compatible with BDMG's capital structure

DIGITAL TRANSFORMATION

Digital Journey:

- Digital Ambition
- Financial Market Trends
- Operating Principles



- Evolution of Digital Channels
- Modernization of the Banking Platform
- Modernization of Administrative Process
- Cloud Infrastructure
- Data Strategy

BRL 2.113 mi 162%

DISBURSED
HISTORIC RECORD

10.014 167%

CLIENTS SERVED

644

Municipalities with at least one client served in the semestre

544

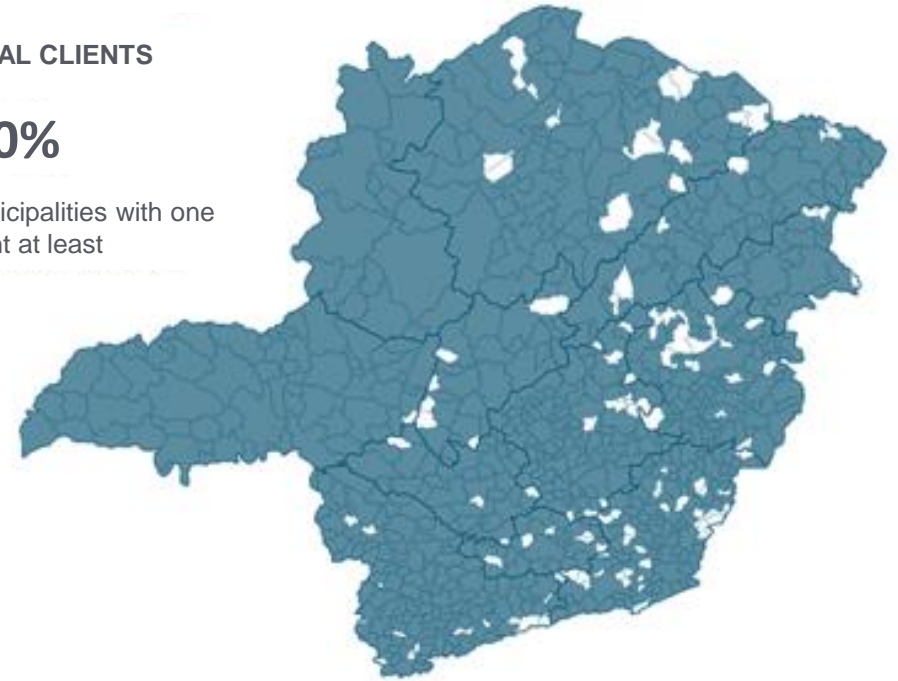
Municipalities with low HDI (Brazilian average)

27.003

TOTAL CLIENTS

90%

Municipalities with one client at least



¹ Variation in comparison with the period of 2019



JOB GENERATION

BDMG DIGITAL



BRL 658,8 million disbursed ↑ 464% 2019

9.445 companies served

39.783 jobs supported

PRONAMPE

[NATIONAL PROGRAM TO SUPPORT MICRO ENTERPRISES AND SMALL COMPANIES]

- ✓ 2º Bank of the country to adhere to the Program
- ✓ 1º in digital platform

BRL 448 million disbursed until 09/30

5.861 companies served

BDMG Solidário Coronavírus

BRL 35,7 million disbursed until 09/30

981 companies served



MUNICIPALITIES

BRL 298 M

CONTRACTED

269

Municipalities

BRL 133,8 M

DISBURSED

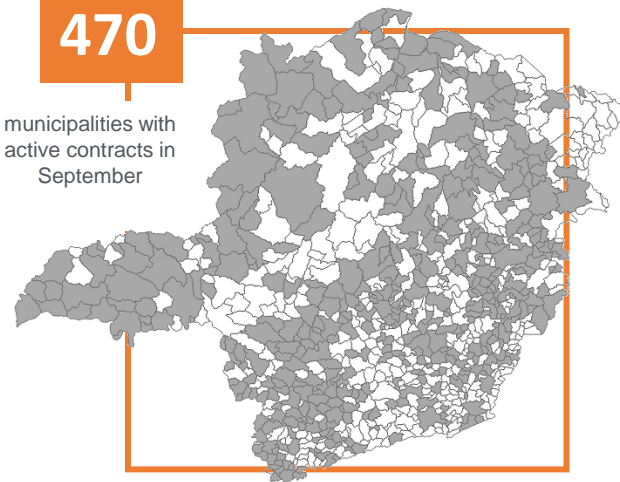
**2019 Edict:
90% of the signings of 2020**

Finality:
financing of infrastructure works and purchase of machinery and equipment

Lines:
BDMG Urbaniza, BDMG Cidades, BDMG Saneamento and BDMG MAQ.

470

municipalities with active contracts in September





RENEWABLE ENERGY AND ENERGY EFFICIENCY



€ 100 MM

Raised for renewable energy and energy efficiency projects signed in 2019

BRL 64 million

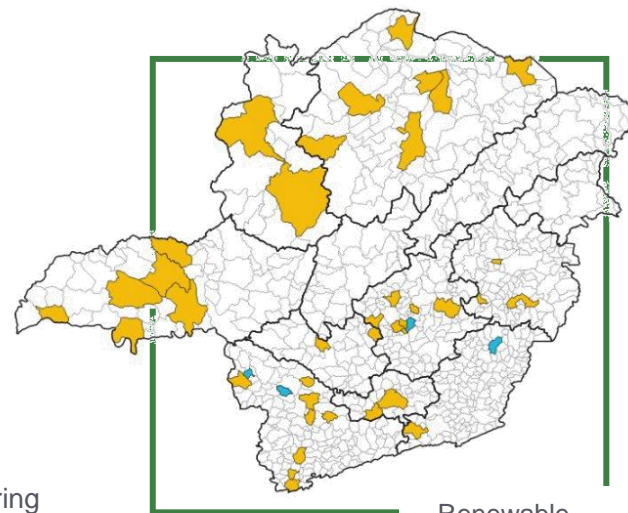
Disbursed, of which R\$ 56.6 million for solar energy

50% of the disbursement to the North of Minas

70,12 GWh/year

Equivalent to the average consumption of 250kwh/month of 23.374 households.

114.889 tCO2 of emissions avoided during the useful life of the projects, which is equivalent to the emissions of **9,637 round-trip air travel** between Rio de Janeiro and São Paulo



- Hydro-electric energy
- Photovoltaic solar energy

Renewable energy projects disbursed in 2020



GENDER EQUALITY

WOMAN ENTREPRENEURS OF MINAS

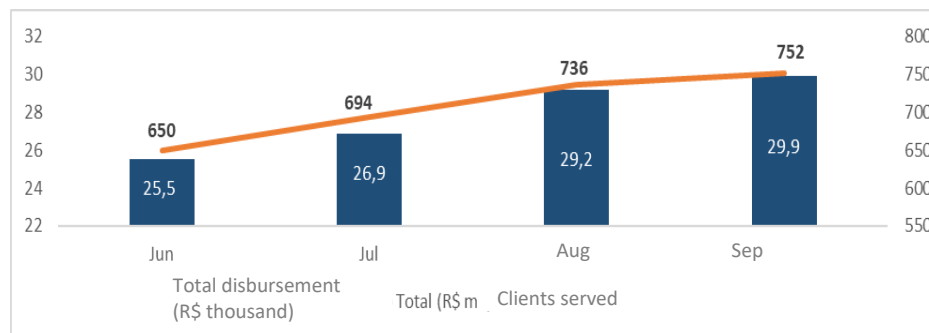


Product launched in 2018, with a policy of strengthening development socioeconomic status and women's empowerment.

BRL 29,9 MM disbursed until September/2020.

BRL 39,7 thousand average ticket

752 micro enterprises served via Web **8%¹**



1- Data from September 2020 | Variation in comparison with the period in 2019

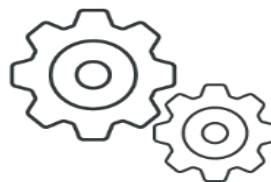
Impacts on the Economy of the State

Input-Product Matrix *



21.907

JOBS SUPPORTED



R\$ 786 mi

IMPACT ON THE PRODUCTION
OF MINAS GERAIS

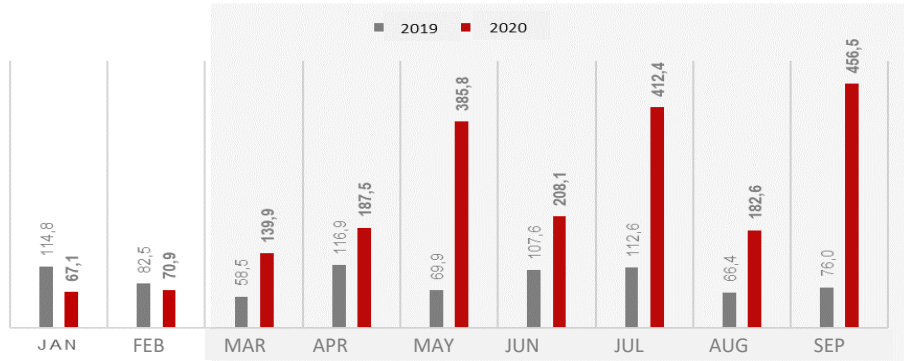


R\$ 59 mi

IN TRIBUTES

* Values at September / 2020 prices.

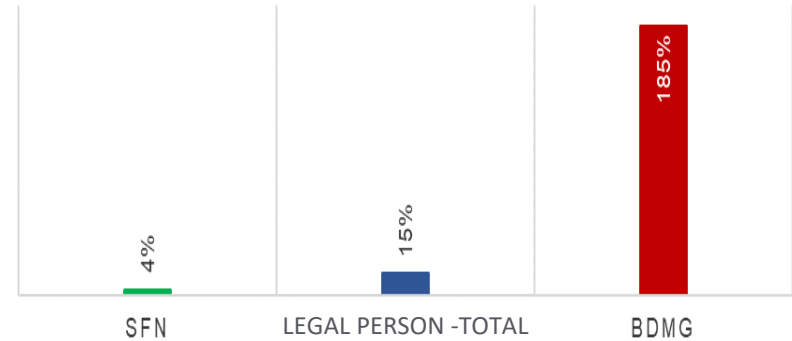
Monthly Disbursements



Source: internal data

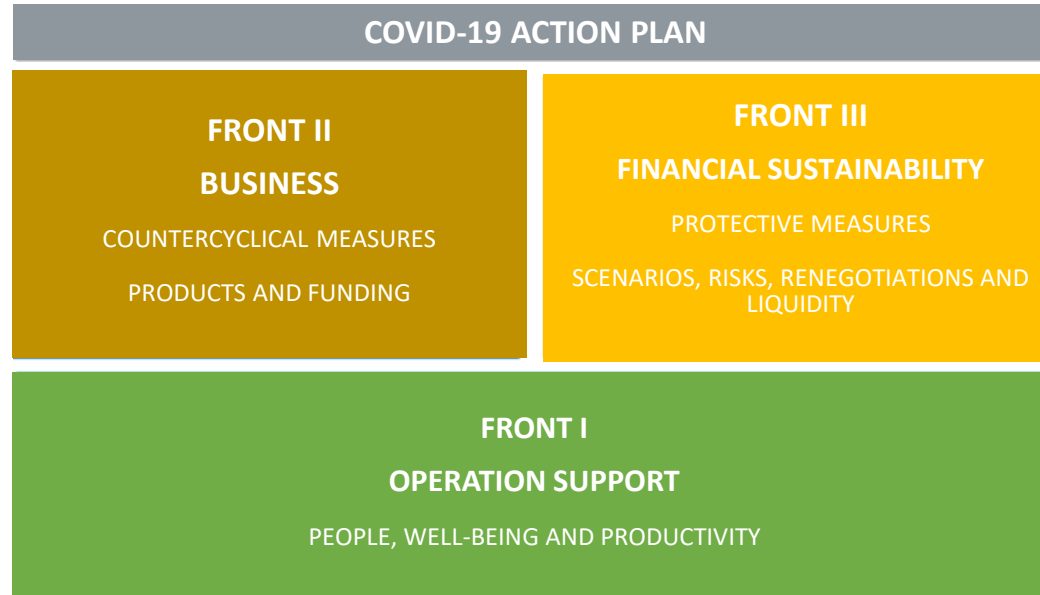
The bank continued its efforts to mitigate the effects of the economic crisis, caused by the pandemic. Since its announcement in March, disbursements have been significant. This is evident when we compare with the numbers for 2019 and 2020.

Disbursement Comparison



Source: internal data and Brazilian Central Bank

When comparing the variation between the funds released between March and August with the total concession of the National Financial System (“SFN”) and with the total concession only for legal entities, BDMG's high performance is evident.



Ongoing

In response to the crisis, established because of the COVID-19 pandemic, BDMG acted promptly. The Covid-19 Action Plan was structured in three fronts:

FRONT I – Operation Support – People, Well-be and Productivity:

- Information Security Strengthening
- Home Office Strategy: approximately 90% of the employees are working from home.
- Internal survey shows that 90% evaluate positively the adaptability and productivity aspects.

FRONT II – Business – Countercyclical measures: Products and Funding

- Capital injection of R\$ 100 MM by the Government of Minas and R\$ 70MM by the State Investment Fund (FIG)
- Portfolio Review: creation of new financial products
- Adherence to Pronampe: limit R \$ 697 MM - approx. 10,000 customers
- Highest nominal disbursement in the history of BDMG

FRONT III – Financial Sustainability – Protective Measures: Scenarios, Risks, Restructuring and Liquidity

- Expansion of the use of credit guarantee funds with adherence to PEAC (estimated disbursement of R \$ 300 MM)
- Improvement of the credit risk pricing criterion, prevention of external fraud, credit limit for micro and small companies and reporting of this risk.
- Renegotiation: Creation of special conditions: Standstill agreement
- Expansion to R \$ 100 MM of the credit limit available via FGI, from BNDES
- Credit granting policy via WEB was revised: reduction of credit limits and intensification of fraud monitoring
- Liquidity and market indicators => Rigorous monitoring, with simulations of scenarios for assessing impacts
- Conducting systematic monitoring and simulations: minimizing the effects of the crisis, liquidity, capital structure and the consequent effects on the financial statements.

Health Lines*

49 Clients

BRL 136,2 MM Disbursement

BRL 2,7 MM Average ticket

28 Municipalities

Main applications:

- 350 thousand rapid tests for 170 health institutions;
- 150,000 Covid-19 diagnostic kits
- 700 thousand disposable gloves to be distributed to 66 units of State organs.

Main impacts:

- 4,004 jobs kept
- 668 beds; 21 beds (Day Hospital); 109 ICUs and 28 operating rooms



“Solidário Coronavírus”

981 Clients

BRL 35,7 MM Disbursement

BRL 36.423 Average ticket



Woman Entrepreneurs of Minas

504 Clients

BRL 20,4 MM Disbursement

BRL 40.530 Average ticket



“Pronampe”

5.861 Clients

BRL 448 MM Disbursement

BRL 76.429 Average ticket

“Fungetur”

649 Clients

BRL 41,9 MM Disbursement

BRL 65.901 Average ticket

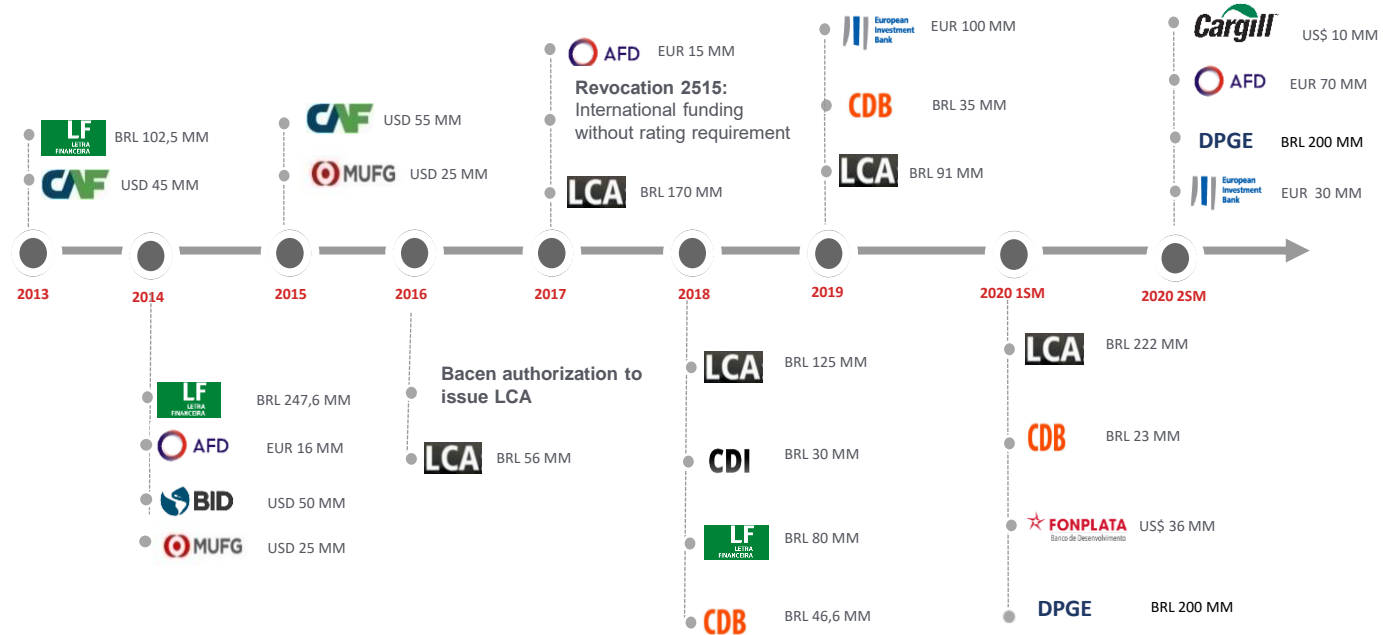


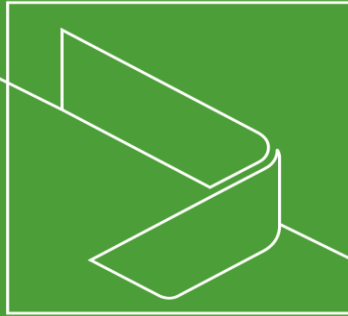
BDMG follows the strategy of growing in the field of sustainability and impact measurement, in line with the demands of the new global scene: In June, we received the prize Best Socio-Economic Impact Bank - Brazil 2020, designed by the magazine CFI.

- BDMG became a signatory to the United Nations Global Compact Network, pledging to contribute to the achievement of the global sustainability agenda, or Agenda 2030
- The SDG Bonds Framework was built, as a result of the partnership between BDMG and IDB. BDMG has categorized its portfolio in line with the “Social and Green Bonds Principles”. Recently, the Second Part Opinion (Sustainalytics) was issued
- A CO2 calculator is in the final stage, also in partnership with the IDB
- The second order for tranche with the EIB, in the approximate amount of 9MM euros, of the 100MM euros contract, which focuses on renewable energy generation and energy efficiency projects, is in progress. In addition, the use of 30MM euros is being used for micro and small businesses impacted by Covid.
- BDMG received the award for best socioeconomic impact bank in Brazil in 2020, awarded by the British magazine CFI - Capital Finance International.
- BDMG obtained, for the fifth consecutive year, the Gold Seal of the GHG Protocol Program in its inventory of greenhouse gas emissions.

INTERNATIONAL FUNDING

More than BRL 3 billions raised since 2012, for multiple purposes.

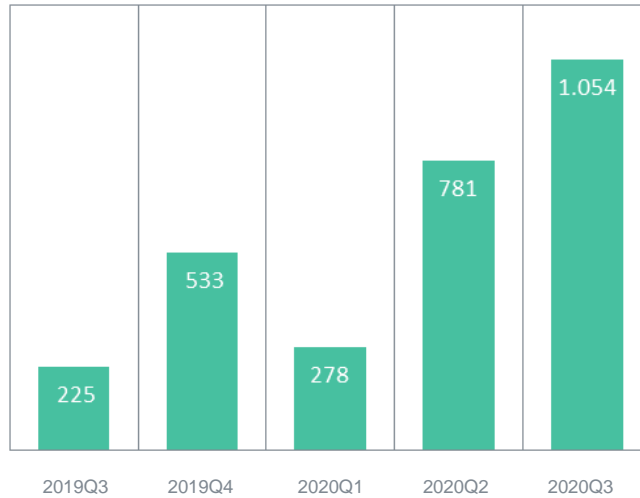




5. OPERATIONAL PERFORMANCE

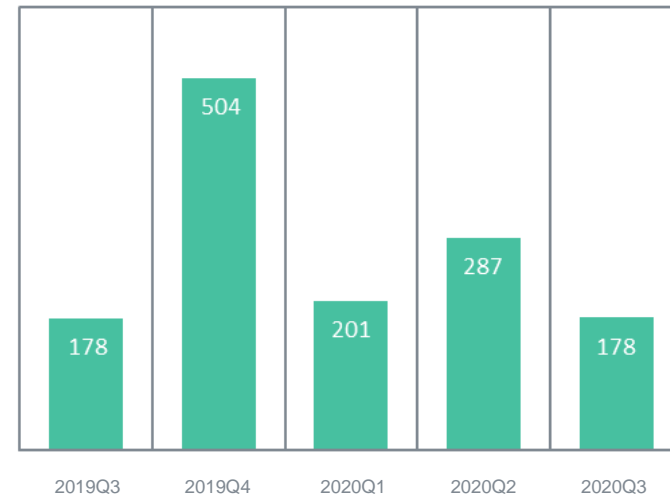
DISBURSEMENT

BRL Million

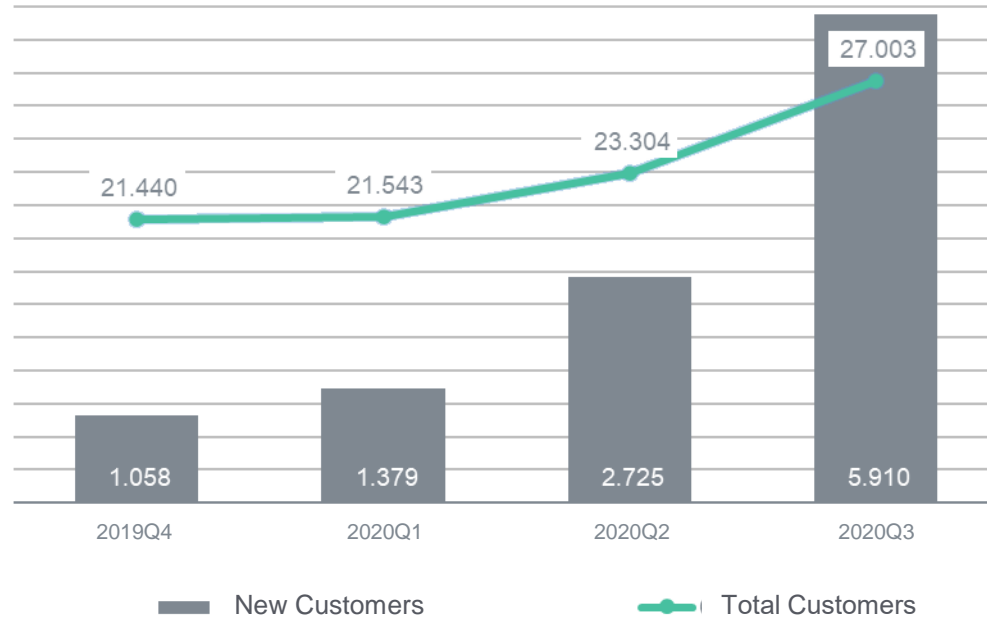


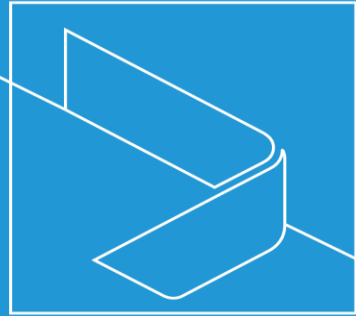
AVERAGE TICKET

BRL Thousand/Customer



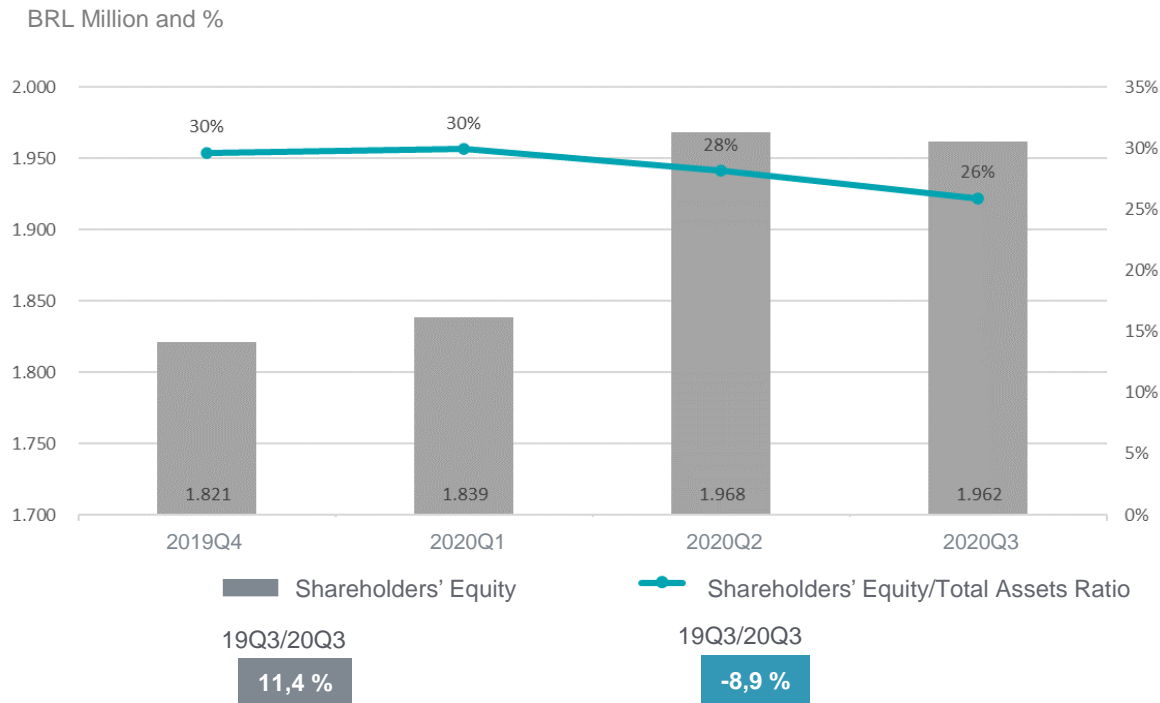
NEW CUSTOMERS AND TOTAL CUSTOMERS





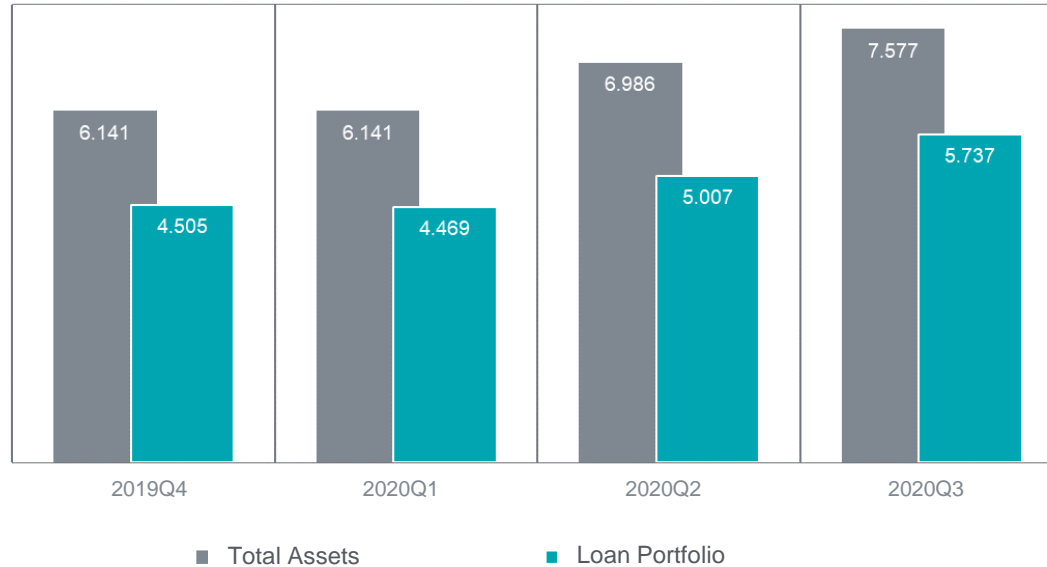
6. FINANCIAL PERFORMANCE

SHAREHOLDERS' EQUITY AND SHAREHOLDERS' EQUITY/TOTAL ASSETS RATIO



TOTAL ASSETS AND LOAN PORTFOLIO

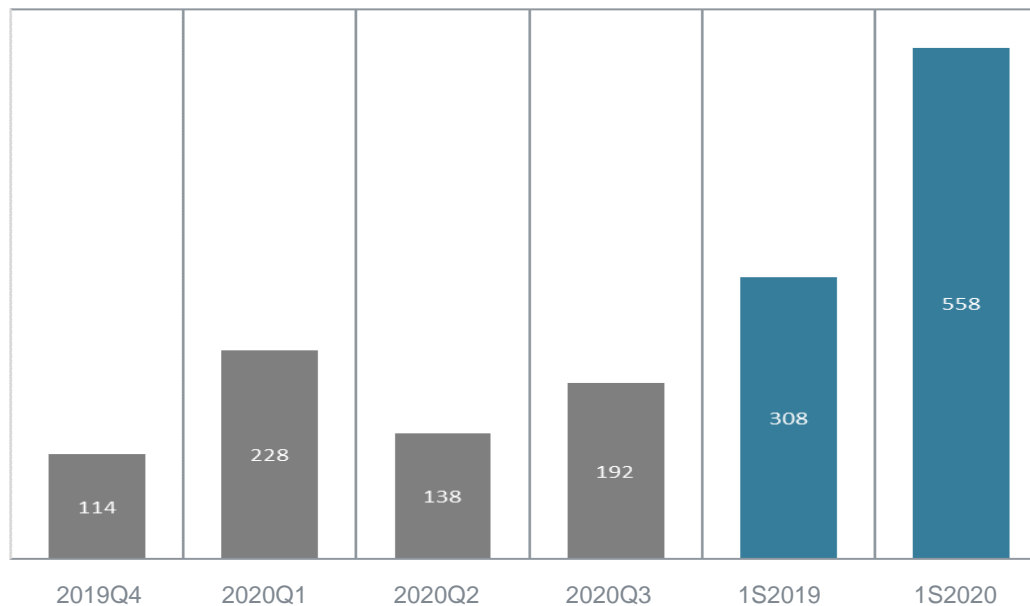
BRL Million



INCOME FROM FINANCIAL INTERMEDIATION

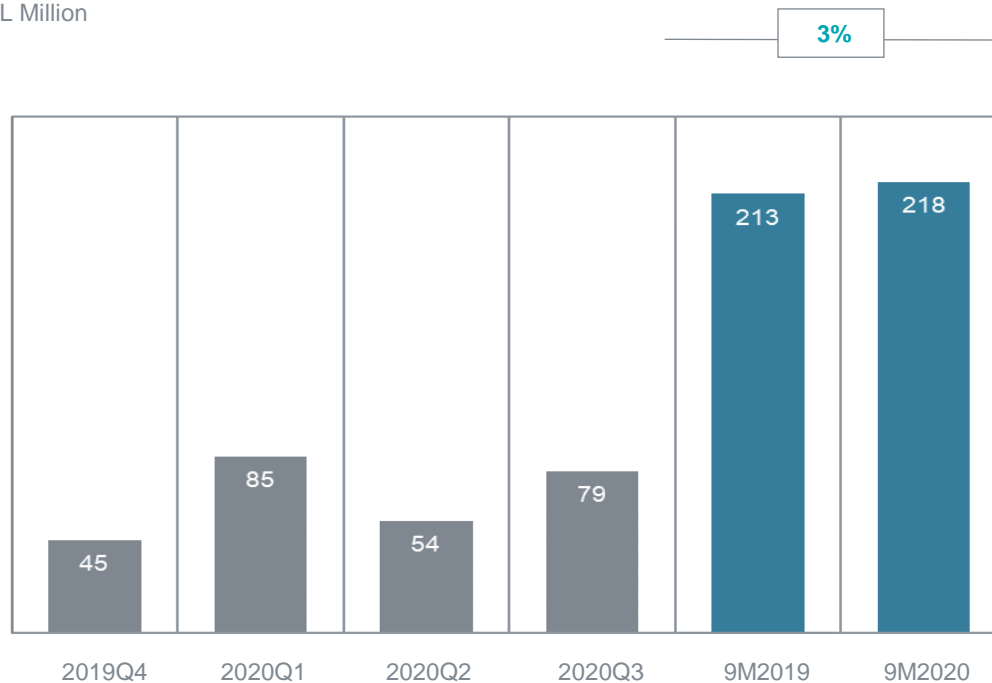
BRL Million

12%



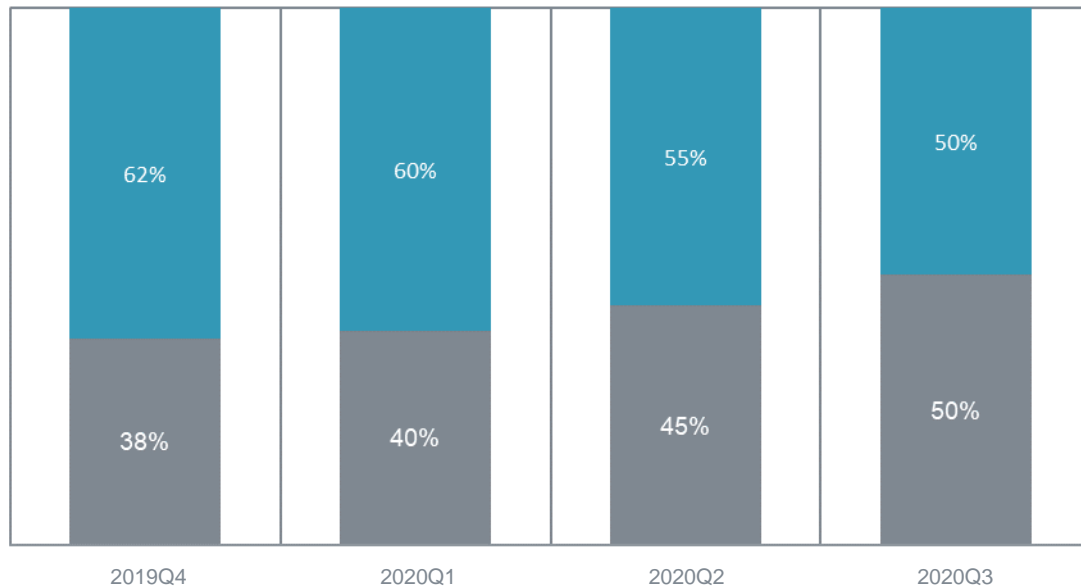
GROSS INCOME FROM FINANCIAL INTERMEDIATION

BRL Million

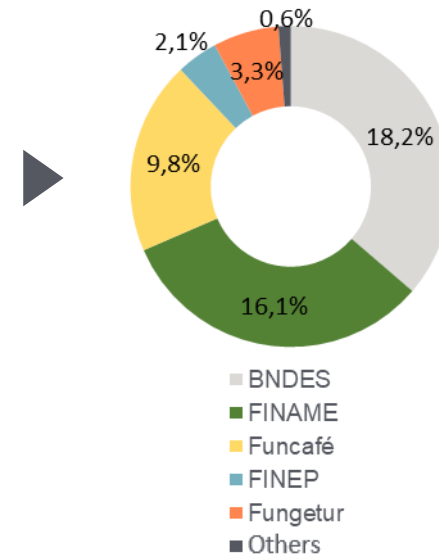


LOAN PORTFOLIO BY FUND CATEGORY

% Loan Portfolio

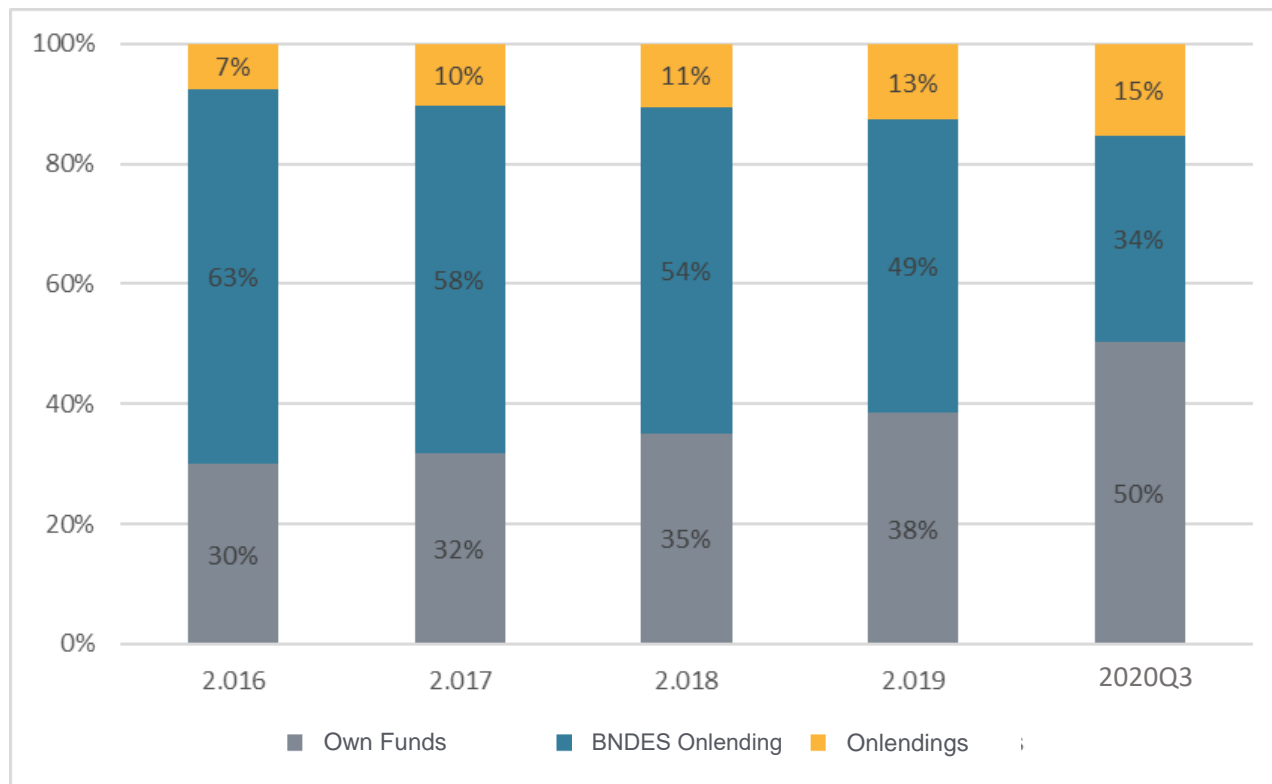


■ Own Funds ■ Onlendings



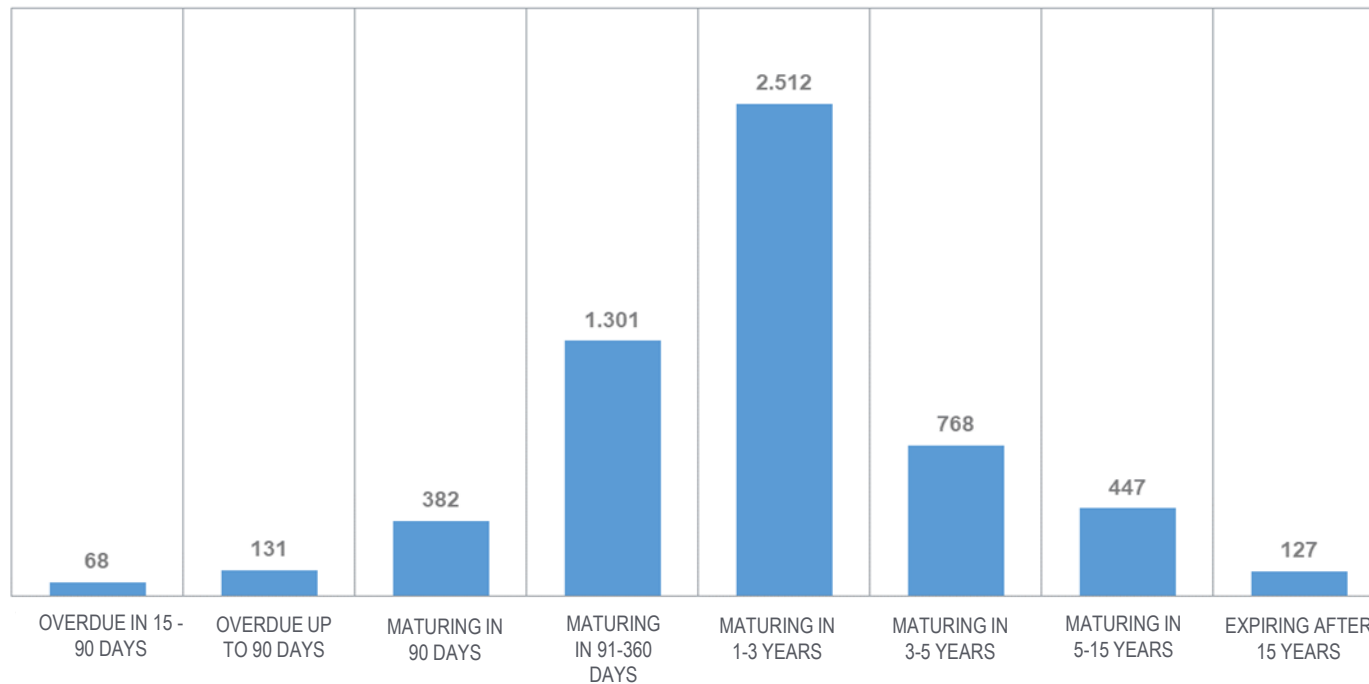
LOAN PORTFOLIO BY FUND CATEGORY

% Loan Portfolio

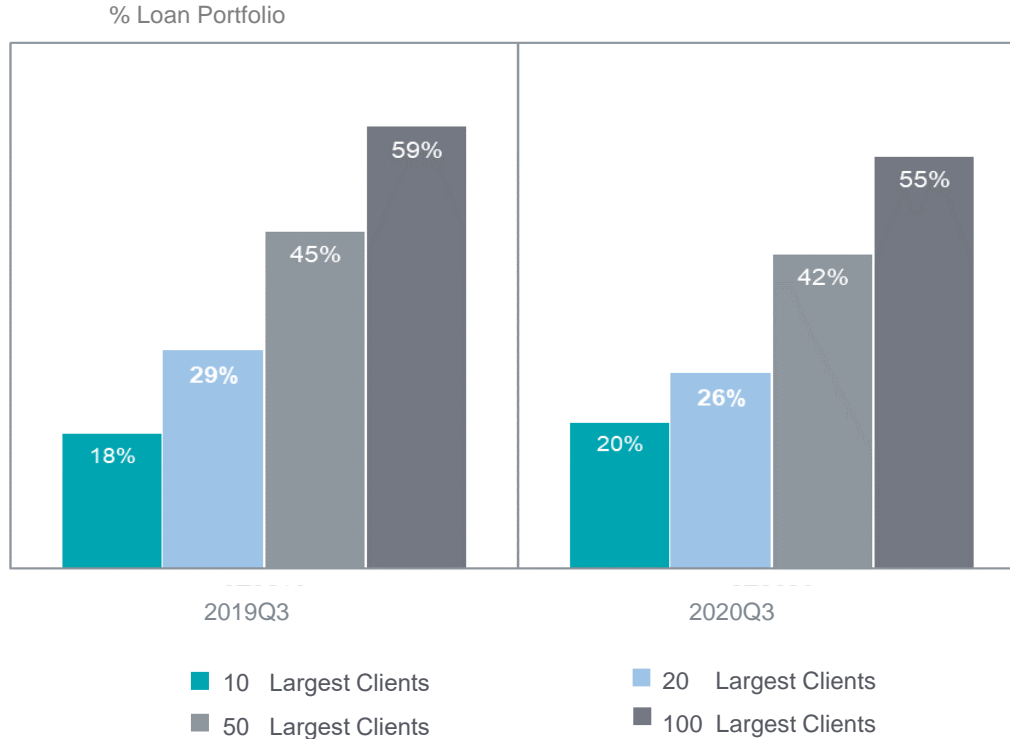


MATURITY OF LOAN PORTFOLIO

BRL Million - Position on September/2020

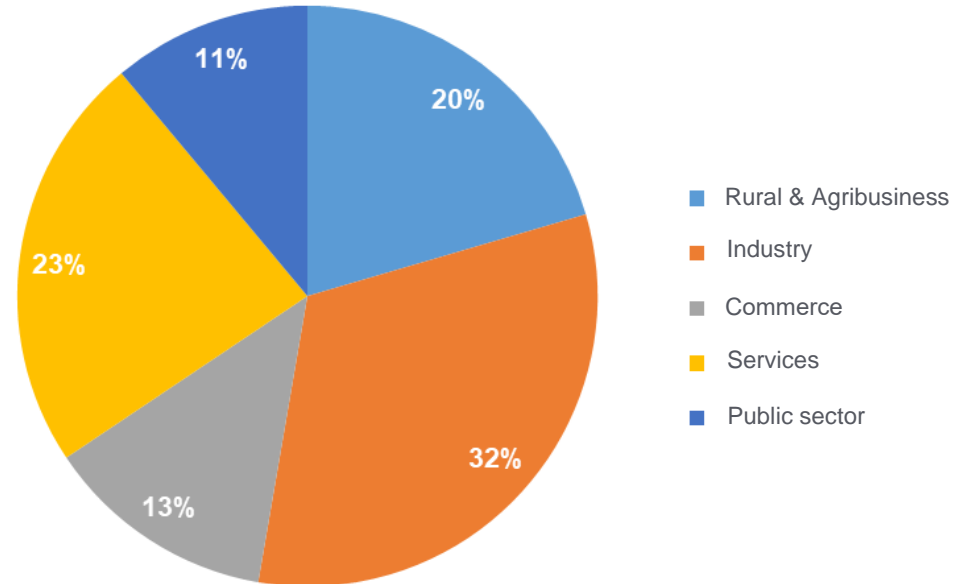


CREDIT PORTFOLIO CONCENTRATION



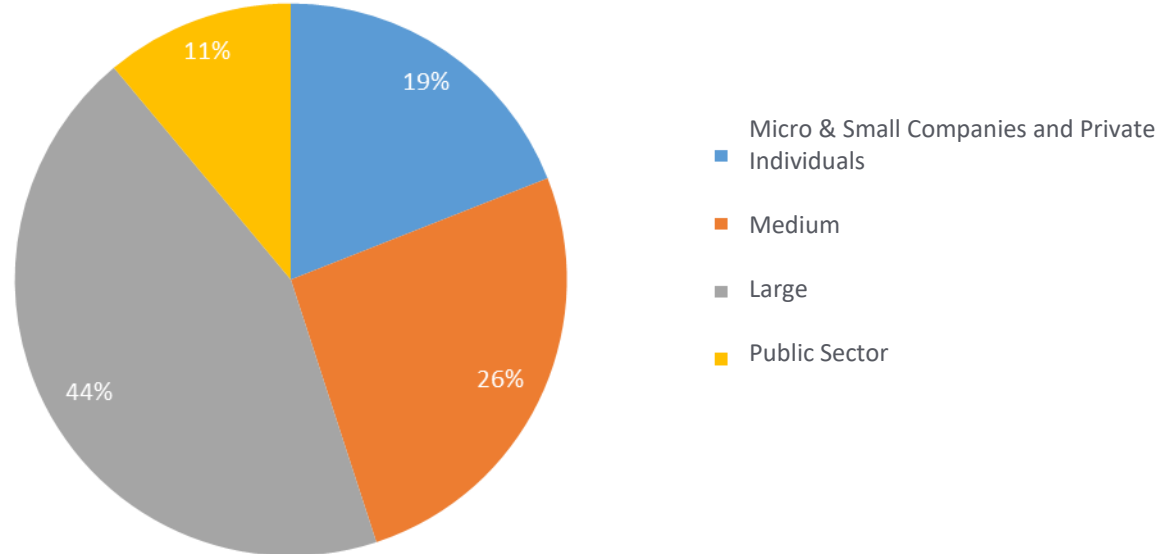
LOAN PORTFOLIO BY ACTIVITY SECTOR

% Loan Portfolio - Position on September/2020

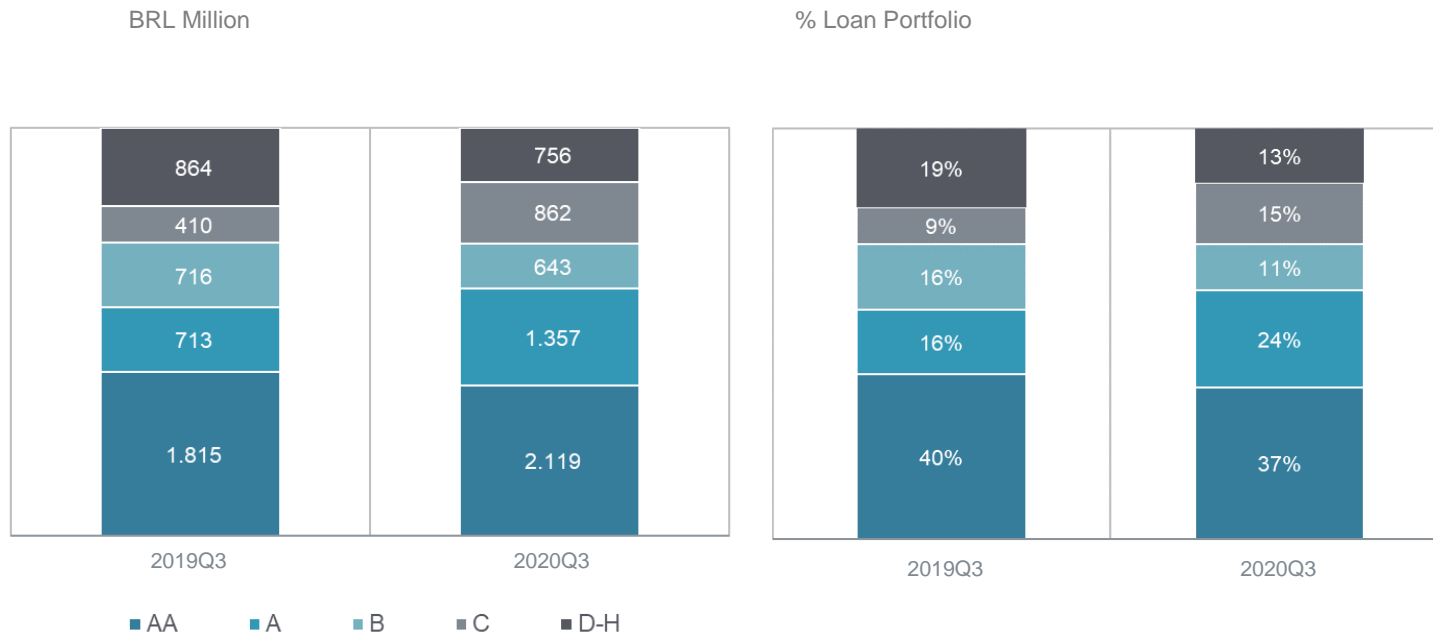


LOAN PORTFOLIO BREAKDOWN BY CLIENT SIZE

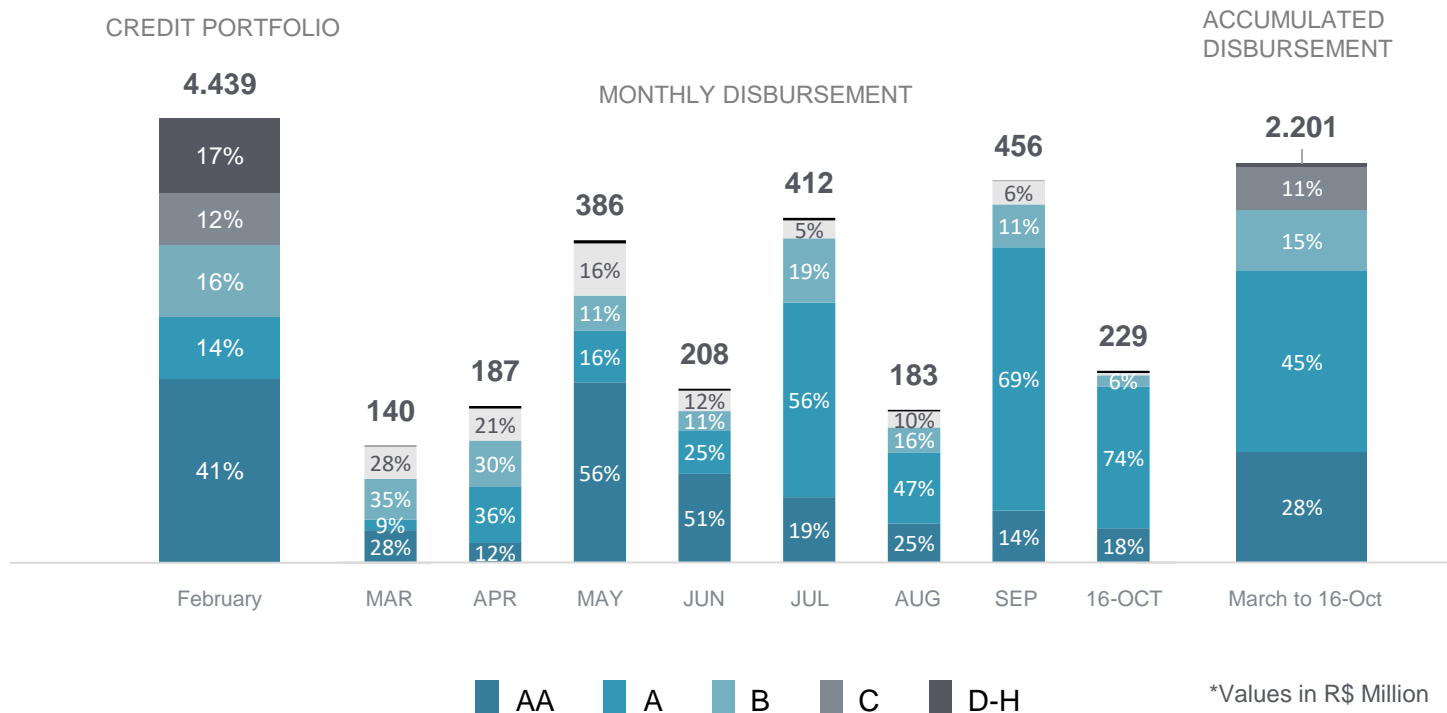
% Loan Portfolio - Position on September/2020



LOAN PORTFOLIO BREAKDOWN BY RISK LEVEL

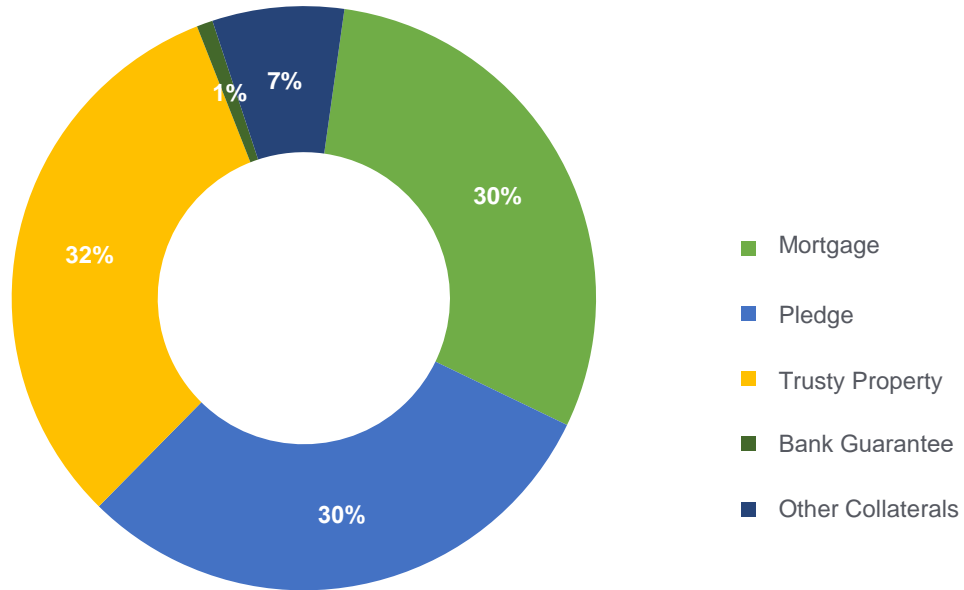


The disbursement in the pandemic period has had a rating profile better than the credit portfolio stock in February 2020 (before Covid-19).



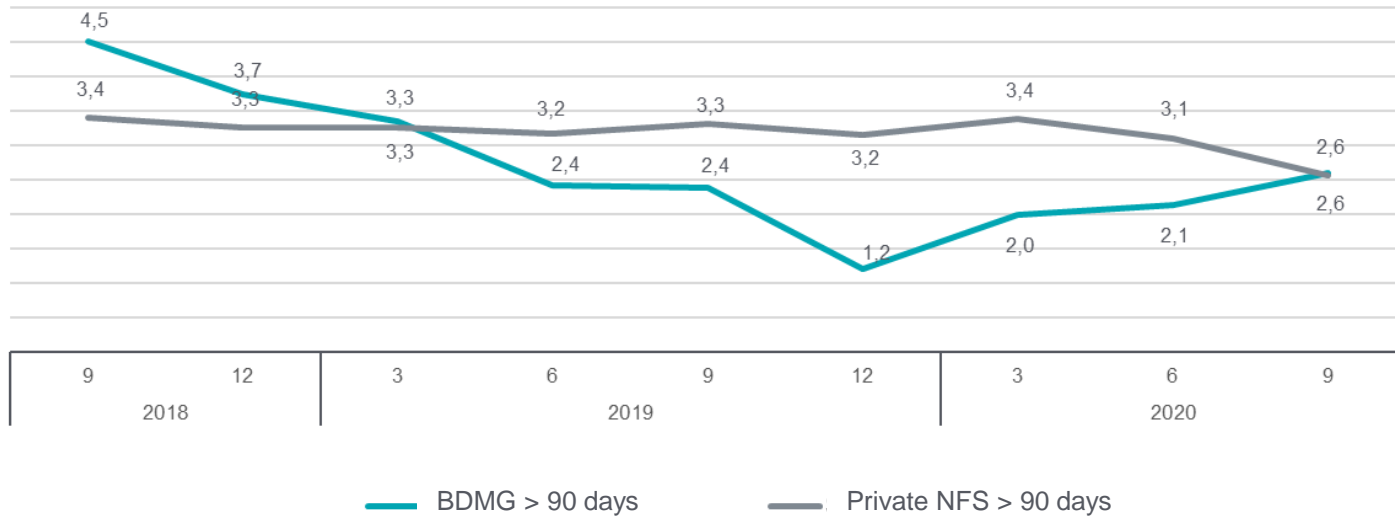
LOAN PORTFOLIO COLLATERALS

Position on September/2020



DELINQUENCY RATE EVOLUTION > 90 DAYS

% Loan Portfolio



Coverage Index Delinquency > 90 days: 4,5 (2020/September)

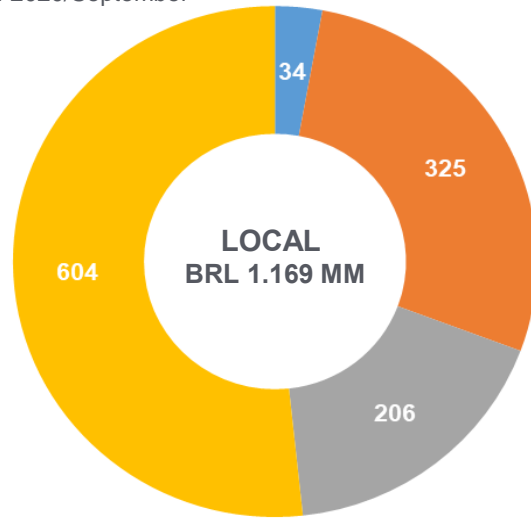
ONLENDING FROM OFFICIAL INSTITUTIONS

Values (in R\$ Million)	2020/09/30	2020/06/30	Variation (%)
BNDES	1.044	1.066	-2%
FINAME	926	959	-3%
Funcafé	560	416	35%
FINEP	120	125	-4%
Fungetur	191	193	-1%
Others	36	37	0%
Total	2.877	2.796	3%
Current	1.196	1.053	14%
Noncurrent	1.681	1.743	-4%

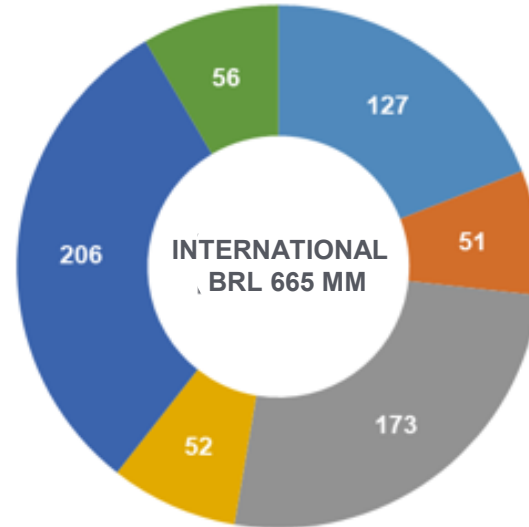
FUNDING

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

As of 2020/September



- Financial Bills
- Agribusiness Credit Bills (LCA)
- CDI
- Term Deposit



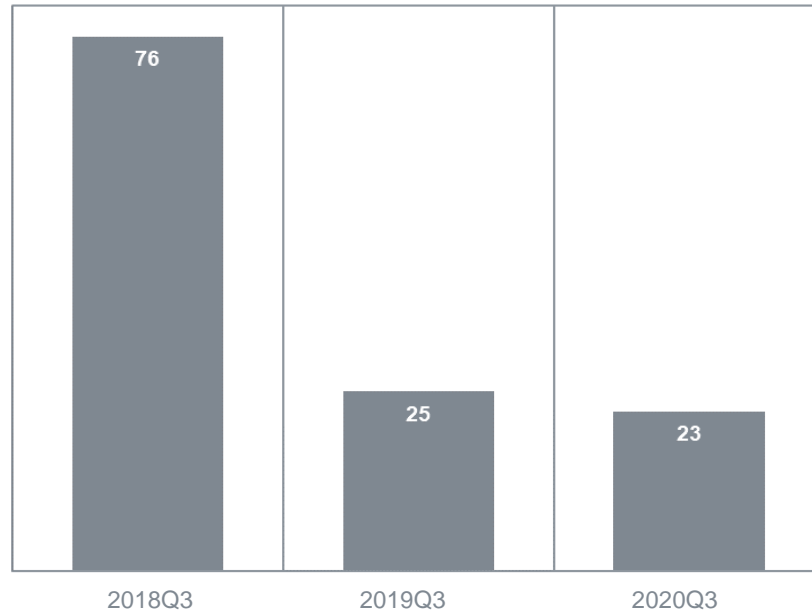
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OPERATIONAL LIMITS

Statement of the calculation of the reference equity and Capital Ratios (BRL Million)	2020Q3	2020Q2
Shareholders' equity	1.962	1.968
Reference equity level I (RE level I) or Principal capital (PC) - (a)	1.815	1.847
Capital allocated to transactions with the public sector - (b)	542	542
Reference equity (RE) - (a-b)	1.273	1.305
All risk-weighted assets (RWA)	6.826	6.373
Credit risk (RWAcpad)	6.118	5.633
Market risk (RWAm pad)	39	51
Operational risk (RWAopad)	669	688
Part of the capital to cover for the non-negotiable portfolio interest rate risk (RWA Rban)	58	64
Minimum reference equity	546	653
Basel Index (RE/RWA)	18,6%	20,5%

NET PROFIT

BRL Millions



2018 profit was high as a result of the reversal of the provision of post-employment benefits.

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