

Contents

Company Data

Capital Ownership	1
-------------------	---

Cash Proceeds	2
---------------	---

Individual Financial Statements

Statement of Financial Position - Assets	3
--	---

Statement of Financial Position - Liabilities	4
---	---

Statement of Income	5
---------------------	---

Statement of Comprehensive Income	6
-----------------------------------	---

Cash Flow Statement	7
---------------------	---

Statement of Changes in Shareholders' Equity

SCE - January 1, 2019 to December 31, 2019	8
--	---

SCE - January 1, 2018 to December 31, 2018	9
--	---

SCE - January 1, 2017 to December 31, 2017	10
--	----

Value Added Statement	11
-----------------------	----

Consolidated Financial Statements

Statement of Financial Position - Assets	12
--	----

Statement of Financial Position - Liabilities	13
---	----

Statement of Income	14
---------------------	----

Statement of Comprehensive Income	15
-----------------------------------	----

Cash Flow Statement	16
---------------------	----

Statement of Changes in Shareholders' Equity

Accumulated for the Current Year - January 1, 2019 to December 31, 2019	17
---	----

Accumulated for the Current Year - January 1, 2018 to December 31, 2018	18
---	----

Accumulated for the Previous Year - January 1, 2017 to December 31, 2017	19
--	----

Value Added Statement	20
-----------------------	----

Comments on the Financial Information	21
---------------------------------------	----

Notes to the Financial Statements	33
-----------------------------------	----

Other Relevant Company Information	62
------------------------------------	----

Reports and Statements

Unqualified Independent Auditor's Report	64
--	----

Report of the Fiscal Council or Similar Body	67
--	----

Officers' Statement on the Financial Statements	68
---	----

Officers' Statements on the Independent Auditor's Report	69
--	----

Company Data / 5. Capital Ownership

Number of Shares (thousand)	Last Fiscal Year December 31, 2019
Paid-In Capital	
Common Shares	122,171
Preferred shares	225,863
Total	348,034
Treasury Shares	
Common Shares	0
Preferred shares	0
Total	0

Company Data / 7. Cash Proceeds

Event	Approval	Proceeds	Payment Started on	Type of Share	Class of Share	Proceeds per Share (BRL / Share)
Annual Shareholders' Meeting	April 30, 2019	Dividend	May 15, 2019	Common Shares		0.11660
Annual Shareholders' Meeting	April 30, 2019	Dividend	May 15, 2019	Preferred Shares		0.12826
Annual Shareholders' Meeting	April 30, 2019	Interest on Shareholders' Equity	May 15, 2019	Common Shares		0.42423
Annual Shareholders' Meeting	April 30, 2019	Interest on Shareholders' Equity	May 15, 2019	Preferred Shares		0.46665
Board of Directors' Meeting	December 20, 2019	Interest on Shareholders' Equity		Common Shares		0.72661
Board of Directors' Meeting	December 20, 2019	Interest on Shareholders' Equity		Preferred Shares		0.79928

Individual Financial Statements / Statement of**Financial Position - Assets (R\$ thousand)**

Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal	Third-to-Last Fiscal Year
Account		December 31, 2019	December 31, 2018	December 31, 2017
1	Total Assets	10,106,102	10,634,336	11,322,515
1.01	Current Assets	552,873	563,277	1,789,167
1.01.01	Cash & Cash Equivalents	199,535	458,227	1,670,323
1.01.03	Accounts Receivable	353,338	105,050	118,844
1.01.03.02	Other Accounts Receivable	353,338	105,050	118,844
1.01.03.02.01	Interest on Shareholders' Equity Receivable	353,338	0	118,844
1.01.03.02.02	Receivables	0	105,050	0
1.02	Non-Current Assets	9,553,229	10,071,059	9,533,348
1.02.01	Long-term receivables	206,740	224,769	141,015
1.02.01.10	Other Non-Current Assets	206,740	224,769	141,015
1.02.01.10.03	Court Deposits	7,805	7,504	7,183
1.02.01.10.04	Recoverable Taxes	198,935	217,265	133,832
1.02.02	Investments	9,345,417	9,846,285	9,392,326
1.02.03	Property, Plant & Equipment	105	5	7
1.02.04	Intangible Assets	967	0	0

Individual Financial Statements / Statement of Financial**Position – Liabilities (R\$ thousands)**

Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal	Third-to-Last Fiscal Year
Account		December 31, 2019	December 31, 2018	December 31, 2017
2	Total Liabilities	10,106,102	10,634,336	11,322,515
2.01	Current Liabilities	314,389	457,966	2,476,434
2.01.03	Tax Obligations	38,589	43,157	13,821
2.01.04	Loans and financings	0	0	1,711,854
2.01.04.02	Debentures	0	0	1,711,854
2.01.05	Other Obligations	275,800	414,809	750,759
2.01.05.02	Others	275,800	414,809	750,759
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	246,886	387,966	723,404
2.01.05.02.04	Other Obligations	28,848	26,843	27,355
2.01.05.02.05	Right of Use Leases	66	0	0
2.02	Non-Current Liabilities	230,858	216,526	40,073
2.02.01	Loans and financings	223,017	209,861	0
2.02.01.02	Debentures	223,017	209,861	0
2.02.02	Other Obligations	940	0	0
2.02.02.02	Others	940	0	0
2.02.02.02.03	Right of Use Leases	940	0	0
2.02.04	Provisions	6,901	6,665	40,073
2.03	Shareholders' Equity	9,560,855	9,959,844	8,806,008
2.03.01	Share capital	4,100,000	4,100,000	4,100,000
2.03.04	Profit Reserves	2,106,573	2,779,080	2,006,029
2.03.04.01	Legal Reserve	227,610	227,610	168,086
2.03.04.02	Statutory Reserve	1,878,963	2,551,470	1,858,253
2.03.04.09	Treasury shares	0	0	-20,310
2.03.06	Equity valuation adjustments	3,354,282	3,080,764	2,699,979

Individual Financial Statements / Statement of Income**(R\$ thousands)**

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
3.04	Operating Income/Expenses	-415,522	1,234,508	2,609,822
3.04.02	General and administrative expenses	-17,119	-26,324	-19,151
3.04.04	Other Operating Revenues	0	1,273,937	1,407,280
3.04.04.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,407,280
3.04.04.03	Result from the Sale of Investments	0	1,239,532	0
3.04.04.04	Reversal of Provisions for Tax Obligations	0	34,405	0
3.04.05	Other operational expenses	-39,709	-1,533,660	-103,069
3.04.05.01	Tax Expenses	-39,671	-119,450	-103,069
3.04.05.02	Other operational expenses	-38	-1,414,210	0
3.04.06	Equity Income	-358,694	1,520,555	1,324,762
3.05	Income before Earnings and Taxes	-415,522	1,234,508	2,609,822
3.06	Financial Result	12,443	-35,818	-99,198
3.06.01	Financial Revenues	26,077	95,171	65,486
3.06.02	Financial Expenses	-13,634	-130,989	-164,684
3.07	Earnings before Income Taxes	-403,079	1,198,690	2,510,624
3.08	Income Tax and Social Contribution	-128	-8,194	-182,249
3.09	Net Income from Continuing Operations	-403,207	1,190,496	2,328,375
3.11	Income/Loss for the Period	-403,207	1,190,496	2,328,375
3.99	Earnings per Share (BRL/Share)			
3.99.01	Basic Earnings per Share			
3.99.01.01	Common Shares	-1.08792	3.21217	6.25486
3.99.01.02	Preferred Shares	-1.19672	3.53339	6.88035
3.99.02	Diluted Earnings per Share			
3.99.02.01	Common Shares	-1.08792	3.21217	6.28237
3.99.02.02	Preferred Shares	-1.19672	3.53339	6.91061

Individual Financial Statements / Statement of Comprehensive Income**(R\$ thousands)**

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
4.01	Net Income for the Period	-403,207	1,190,496	2,328,375
4.02	Other Comprehensive Income	273,518	380,785	-678,328
4.02.01	Financial Instrument Adjustments on Available-for-Sale Investments	0	0	-844,823
4.02.02	Impacts from Companies with Significant Influence	273,518	380,785	166,495
4.03	Comprehensive Income for the Period	-129,689	1,571,281	1,650,047

Individual Financial Statements / Statement of Cash Flow - Indirect Method (R\$

thousands)				
Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal Year	Third-to-Last Fiscal Year
Account		January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018	January 1, 2017 to December 31, 2017
6.01	Operating Activities Net Cash	121,125	-782,723	-55,882
6.01.01	Cash from Operations	-40,823	-1,555,994	-54,283
6.01.01.01	Net Earnings before Income Tax and Social Contribution	-403,079	1,198,690	2,510,624
6.01.01.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	-1,407,280
6.01.01.03	Result from the Sale of Investments	0	-1,239,532	0
6.01.01.04	Equity Income	358,694	-1,520,555	-1,324,762
6.01.01.06	Monetary Variations and Interest, Net	2,956	-4,745	152,038
6.01.01.07	Provision for/Reversal of Tax Liabilities	0	8,726	13,389
6.01.01.08	Others	606	1,422	1,708
6.01.02	Changes in Assets and Liabilities	161,948	773,271	-1,599
6.01.02.01	(Increase) in Other Assets	180,969	-20,808	-9,392
6.01.02.02	Increase/(Decrease) in Other Liabilities	-18,697	168,664	74,078
6.01.02.03	Interest on Shareholders' Equity and Dividends Received	0	684,653	218,026
6.01.02.04	Income tax and social contribution paid	-324	-59,238	-284,311
6.02	Investment Activities Net Cash	-117	1,926,295	1,858,844
6.02.01	Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,480,425
6.02.02	Cash and Cash Equivalents of Merged Companies	0	0	378,419
6.02.03	Disposal of Investments	0	1,926,295	0
6.02.04	Acquisition of property and equipment	-117	0	0
6.03	Financing Activities Net Cash	-379,700	-2,355,668	-191,962
6.03.01	Interest on Shareholders' Equity and Dividends Paid	-379,700	-719,416	-191,962
6.03.02	Issue of Debentures, Net	0	700,358	0
6.03.03	Settlement of Debentures	0	-2,278,542	0
6.03.04	Issuance of Promissory Notes	0	2,400,000	0
6.03.05	Settlement of Promissory Notes	0	-2,458,068	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-258,692	-1,212,096	1,611,000
6.05.01	Opening Balance of Cash and Cash Equivalents	458,227	1,670,323	59,323
6.05.02	Final Cash and Equivalent Balance	199,535	458,227	1,670,323

Individual Financial Statements / Statement of Changes in the Shareholders' Equity / SCE - January 1, 2019 to December 31,**2019 (R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity
5.01	Opening Balances	4,100,000	0	2,779,080	0	3,080,764	9,959,844
5.03	Adjusted Opening Balances	4,100,000	0	2,779,080	0	3,080,764	9,959,844
5.04	Capital Transactions with Shareholders	0	0	-269,300	0	0	-269,300
5.04.07	Interest on Shareholders' Equity	0	0	-269,300	0	0	-269,300
5.05	Total Comprehensive Income	0	0	0	-403,207	273,518	-129,689
5.05.01	Net Income for the Period	0	0	0	-403,207	0	-403,207
5.05.02	Other Comprehensive Income	0	0	0	0	273,518	273,518
5.05.02.06	Impacts from Companies with Significant Influence	0	0	0	0	273,518	273,518
5.06	Internal Changes in the Shareholders' Equity	0	0	-403,207	403,207	0	0
5.06.04	Accumulated Losses Absorption	0	0	-403,207	403,207	0	0
5.07	Closing Balances	4,100,000	0	2,106,573	0	3,354,282	9,560,855

Individual Financial Statements / Statement of Changes in Shareholders' Equity / SCE - January 1, 2018 to December 31, 2018**(R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Granted Options and Treasury Shares	Reserves,	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity
5.01	Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008
5.03	Adjusted Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008
5.04	Capital Transactions with Shareholders	0		20,310	-20,310	-417,445	0	-417,445
5.04.06	Dividends	0		0	0	-43,215	0	-43,215
5.04.07	Interest on Shareholders' Equity	0		0	0	-374,230	0	-374,230
5.04.08	Cancellation of Shares in Treasury	0		20,310	-20,310	0	0	0
5.05	Total Comprehensive Income	0		0	0	1,190,496	380,785	1,571,281
5.05.01	Net Income for the Period	0		0	0	1,190,496	0	1,190,496
5.05.02	Other Comprehensive Income	0		0	0	0	380,785	380,785
5.05.02.06	Impacts from Companies with Significant Influence	0		0	0	0	380,785	380,785
5.06	Internal Changes in the Shareholders' Equity	0		0	773,051	-773,051	0	0
5.06.01	Creation of Reserves	0		0	773,051	-773,051	0	0
5.07	Closing Balances	4,100,000		0	2,779,080	0	3,080,764	9,959,844

Individual Financial Statements / Statement of Changes in Shareholders' Equity / SCE - January 1, 2017 to December 31, 2017**(R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Granted Options and Treasury Shares	Reserves,	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity
5.01	Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913
5.03	Adjusted Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913
5.04	Capital Transactions with Shareholders	0		0	0	-754,952	0	-754,952
5.04.06	Dividends	0		0	0	-432,952	0	-432,952
5.04.07	Interest on Shareholders' Equity	0		0	0	-322,000	0	-322,000
5.05	Total Comprehensive Income	0		0	0	2,328,375	-678,328	1,650,047
5.05.01	Net Income for the Period	0		0	0	2,328,375	0	2,328,375
5.05.02	Other Comprehensive Income	0		0	0	0	-678,328	-678,328
5.05.02.01	Financial Instrument Adjustments	0		0	0	0	-844,823	-844,823
5.05.02.06	Impacts from Companies with Significant Influence	0		0	0	0	166,495	166,495
5.06	Internal Changes in the Shareholders' Equity	0		0	1,573,423	-1,573,423	0	0
5.06.01	Creation of Reserves	0		0	1,573,423	-1,573,423	0	0
5.07	Closing Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008

Individual Financial Statements / Statement of Value Added (R\$

thousands)

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
7.01	Revenues	0	34,405	0
7.01.02	Other Revenues	0	34,405	0
7.01.02.01	Reversal of Provisions for Tax Obligations	0	34,405	0
7.02	Inputs Acquired from Third Parties	-3,726	-19,775	-12,752
7.02.02	Materials, Electricity, Outsourced Services and Others	-2,605	-17,313	-10,701
7.02.04	Others	-1,121	-2,462	-2,051
7.03	Gross Added Value	-3,726	14,630	-12,752
7.05	Net Added Value Produced	-3,726	14,630	-12,752
7.06	Added Value Received in Transfer	-332,617	2,855,258	2,797,528
7.06.01	Equity Income	-358,694	1,520,555	1,324,762
7.06.02	Financial Revenues	26,077	95,171	65,486
7.06.03	Others	0	1,239,532	1,407,280
7.06.03.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,407,280
7.06.03.03	Result from the Sale of Investments	0	1,239,532	0
7.07	Added Value to be Allocated	-336,343	2,869,888	2,784,776
7.08	Value Added Distribution	-336,343	2,869,888	2,784,776
7.08.01	Personnel	11,843	5,681	5,519
7.08.02	Taxes, fees and contributions	41,387	128,363	285,971
7.08.03	Compensation of Third-Party Capital	13,634	1,545,348	164,911
7.08.04	Compensation of Own Capital	-403,207	1,190,496	2,328,375
7.08.04.01	Interest on Shareholders' Equity	269,300	374,230	322,000
7.08.04.02	Dividends	0	43,215	432,952
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	-672,507	773,051	1,573,423

Consolidated Financial Statements / Statement of**Financial Position - Assets (R\$ thousands)**

Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal	Third-to-Last Fiscal Year
Account		December 31, 2019	Year December 31, 2018	December 31, 2017
1	Total Assets	10,106,102	10,634,336	11,322,515
1.01	Current Assets	554,523	564,861	1,790,505
1.01.01	Cash & Cash Equivalents	201,185	459,811	1,671,661
1.01.03	Accounts Receivable	353,338	105,050	118,844
1.01.03.02	Other Accounts Receivable	353,338	105,050	118,844
1.01.03.02.01	Interest on Shareholders' Equity/Dividends Receivable	353,338	0	118,844
1.01.03.02.02	Receivables	0	105,050	0
1.02	Non-Current Assets	9,551,579	10,069,475	9,532,010
1.02.01	Long-term receivables	206,740	224,769	141,015
1.02.01.10	Other Non-Current Assets	206,740	224,769	141,015
1.02.01.10.03	Court Deposits	7,805	7,504	7,183
1.02.01.10.04	Recoverable Taxes	198,935	217,265	133,832
1.02.02	Investments	9,343,767	9,844,701	9,390,988
1.02.03	Property, Plant & Equipment	105	5	7
1.02.04	Intangible Assets	967	0	0

Consolidated Financial Statements / Statement of Financial**Position - Liabilities (R\$ thousands)**

Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal	Third-to-Last Fiscal Year
Account		December 31, 2019	Year December 31, 2018	December 31, 2017
2	Total Liabilities	10,106,102	10,634,336	11,322,515
2.01	Current Liabilities	314,389	457,966	2,476,434
2.01.03	Tax Obligations	38,589	43,157	13,821
2.01.04	Loans and financings	0	0	1,711,854
2.01.04.02	Debentures	0	0	1,711,854
2.01.05	Other Obligations	275,800	414,809	750,759
2.01.05.02	Others	275,800	414,809	750,759
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	246,886	387,966	723,404
2.01.05.02.04	Other Obligations	28,848	26,843	27,355
2.01.05.02.05	Right of Use Leases	66	0	0
2.02	Non-Current Liabilities	230,858	216,526	40,073
2.02.01	Loans and financings	223,017	209,861	0
2.02.01.02	Debentures	223,017	209,861	0
2.02.02	Other Obligations	940	0	0
2.02.02.02	Others	940	0	0
2.02.02.02.03	Right of Use Leases	940	0	0
2.02.04	Provisions	6,901	6,665	40,073
2.03	Consolidated Shareholders' Equity	9,560,855	9,959,844	8,806,008
2.03.01	Share capital	4,100,000	4,100,000	4,100,000
2.03.04	Profit Reserves	2,106,573	2,779,080	2,006,029
2.03.04.01	Legal Reserve	227,610	227,610	168,086
2.03.04.02	Statutory Reserve	1,878,963	2,551,470	1,858,253
2.03.04.09	Treasury shares	0	0	-20,310
2.03.06	Equity valuation adjustments	3,354,282	3,080,764	2,699,979

Consolidated Financial Statements / Statement of Income**(R\$ thousands)**

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
3.04	Operating Income/Expenses	-415,618	1,234,255	2,609,791
3.04.02	General and administrative expenses	-17,149	-26,330	-19,161
3.04.04	Other Operating Revenues	0	1,273,937	1,407,280
3.04.04.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,407,280
3.04.04.03	Result from the Sale of Investments	0	1,239,532	0
3.04.04.04	Reversal of Provisions for Tax Obligations	0	34,405	0
3.04.05	Other operational expenses	-39,709	-1,533,660	-103,069
3.04.05.01	Tax Expenses	-39,671	-119,450	-103,069
3.04.05.02	Other operational expenses	-38	-1,414,210	0
3.04.06	Equity Income	-358,760	1,520,308	1,324,741
3.05	Income before Earnings and Taxes	-415,618	1,234,255	2,609,791
3.06	Financial Result	12,539	-35,565	-99,167
3.06.01	Financial Revenues	26,173	95,424	65,659
3.06.02	Financial Expenses	-13,634	-130,989	-164,826
3.07	Earnings before Income Taxes	-403,079	1,198,690	2,510,624
3.08	Income Tax and Social Contribution	-128	-8,194	-182,249
3.09	Net Income from Continuing Operations	-403,207	1,190,496	2,328,375
3.11	Consolidated Income/Loss for the Period	-403,207	1,190,496	2,328,375
3.11.01	Assigned to the Shareholders of the Parent Company	-403,207	1,190,496	2,328,375
3.99	Earnings per Share (BRL/Share)			
3.99.01	Basic Earnings per Share			
3.99.01.01	Common Shares	-1.08792	3.21217	6.25486
3.99.01.02	Preferred Shares	-1.19672	3.53339	6.88035
3.99.02	Diluted Earnings per Share			
3.99.02.01	Common Shares	-1.08792	3.21217	6.28237
3.99.02.02	Preferred Shares	-1.19672	3.53339	6.91061

Consolidated Financial Statements / Statement of Comprehensive Income**(R\$ thousands)**

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
4.01	Consolidated Net Income for the Period	-403,207	1,190,496	2,328,375
4.02	Other Comprehensive Income	273,518	380,785	-678,328
4.02.01	Financial Instrument Adjustments on Available-for-Sale Investments	0	0	-844,823
4.02.02	Impacts from Companies with Significant Influence	273,518	380,785	166,495
4.03	Consolidated Comprehensive Income for the Period	-129,689	1,571,281	1,650,047
4.03.01	Assigned to the Shareholders of the Parent Company	-129,689	1,571,281	1,650,047

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method (R\$

thousands)

Code of the Account	Description	Last Fiscal Year January 1, 2019 to December 31, 2019	Second-to-Last Fiscal Year January 1, 2018 to December 31, 2018	Third-to-Last Fiscal Year January 1, 2017 to December 31, 2017
6.01	Operating Activities Net Cash	121,191	-782,477	-55,862
6.01.01	Cash from Operations	-40,757	-1,555,748	-54,263
6.01.01.01	Net Earnings before Income Tax and Social Contribution	-403,080	1,198,690	2,510,624
6.01.01.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	-1,407,280
6.01.01.03	Result from the Sale of Investments	0	-1,239,532	0
6.01.01.04	Equity Income	358,760	-1,520,308	-1,324,741
6.01.01.06	Monetary Variations and Interest, Net	2,957	-4,745	152,038
6.01.01.07	Provision for/Reversal of Legal Obligations	0	8,726	13,389
6.01.01.08	Others	606	1,421	1,707
6.01.02	Changes in Assets and Liabilities	161,948	773,271	-1,599
6.01.02.01	(Increase) in Other Assets	180,969	-20,808	-9,392
6.01.02.02	Increase/(Decrease) in Other Liabilities	-18,697	168,664	74,078
6.01.02.03	Interest on Equity and Dividends Received	0	684,653	218,026
6.01.02.04	Income tax and social contribution paid	-324	-59,238	-284,311
6.02	Investment Activities Net Cash	-117	1,926,295	1,480,425
6.02.01	Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,480,425
6.02.03	Disposal of Investments	0	1,926,295	0
6.02.04	Acquisition of property and equipment	-117	0	0
6.03	Financing Activities Net Cash	-379,700	-2,355,668	-191,962
6.03.01	Interest on Shareholders' Equity and Dividends Paid	-379,700	-719,416	-191,962
6.03.02	Issue of Debentures	0	700,358	0
6.03.03	Settlement of Debentures	0	-2,278,542	0
6.03.04	Issuance of Promissory Notes	0	2,400,000	0
6.03.05	Settlement of Promissory Notes	0	-2,458,068	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-258,626	-1,211,850	1,232,601
6.05.01	Opening Balance of Cash and Cash Equivalents	459,811	1,671,661	439,060
6.05.02	Final Cash and Equivalent Balance	201,185	459,811	1,671,661

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / Accumulated in the Current Fiscal Year - January 1, 2019 to December 31,**2019 (R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Granted Options and Treasury Shares	Reserves,	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity	Participation of Non-Controlling Shareholder	Shareholders' Equity Consolidated
5.01	Opening Balances	4,100,000		0	2,779,080	0	3,080,764	9,959,844	0	9,959,844
5.03	Adjusted Opening Balances	4,100,000		0	2,779,080	0	3,080,764	9,959,844	0	9,959,844
5.04	Capital Transactions with Shareholders	0		0	-269,300	0	0	-269,300	0	-269,300
5.04.07	Interest on Shareholders' Equity	0		0	-269,300	0	0	-269,300	0	-269,300
5.05	Total Comprehensive Income	0		0	0	-403,207	273,518	-129,689	0	-129,689
5.05.01	Net Income for the Period	0		0	0	-403,207	0	-403,207	0	-403,207
5.05.02	Other Comprehensive Income	0		0	0	0	273,518	273,518	0	273,518
5.05.02.06	Impacts from Companies with Significant Influence	0		0	0	0	273,518	273,518	0	273,518
5.06	Internal Changes in the Shareholders' Equity	0		0	-403,207	403,207	0	0	0	0
5.06.04	Accumulated Losses Absorption	0		0	-403,207	403,207	0	0	0	0
5.07	Closing Balances	4,100,000		0	2,106,573	0	3,354,282	9,560,855	0	9,560,855

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / Accumulated in the Current Fiscal Year - January 1, 2018 to December 31,**2018 (R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Granted Options and Treasury Shares	Reserves,	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity	Participation of Non-Controlling Shareholder	Shareholders' Equity Consolidated
5.01	Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008	0	8,806,008
5.03	Adjusted Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008	0	8,806,008
5.04	Capital Transactions with Shareholders	0		20,310	-20,310	-417,445	0	-417,445	0	-417,445
5.04.06	Dividends	0		0	0	-43,215	0	-43,215	0	-43,215
5.04.07	Interest on Shareholders' Equity	0		0	0	-374,230	0	-374,230	0	-374,230
5.04.08	Cancellation of Shares in Treasury	0		20,310	-20,310	0	0	0	0	0
5.05	Total Comprehensive Income	0		0	0	1,190,496	380,785	1,571,281	0	1,571,281
5.05.01	Net Income for the Period	0		0	0	1,190,496	0	1,190,496	0	1,190,496
5.05.02	Other Comprehensive Income	0		0	0	0	380,785	380,785	0	380,785
5.05.02.06	Impacts from Companies with Significant Influence	0		0	0	0	380,785	380,785	0	380,785
5.06	Internal Changes in the Shareholders' Equity	0		0	773,051	-773,051	0	0	0	0
5.06.01	Creation of Reserves	0		0	773,051	-773,051	0	0	0	0
5.07	Closing Balances	4,100,000		0	2,779,080	0	3,080,764	9,959,844	0	9,959,844

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / Accumulated in the Current Fiscal Year - January 1, 2017 to December 31, 2017**(R\$ thousands)**

Code of the Account	Description	Paid-up Share Capital	Capital Granted Options and Treasury Shares	Reserves,	Profit Reserve	Profit or Loss Accumulated	Other Incomes Comprehensive	Shareholders' Equity	Participation of Non-Controlling Shareholder	Shareholders' Equity Consolidated
5.01	Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913	0	7,910,913
5.03	Adjusted Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913	0	7,910,913
5.04	Capital Transactions with Shareholders	0		0	0	-754,952	0	-754,952	0	-754,952
5.04.06	Dividends	0		0	0	-432,952	0	-432,952	0	-432,952
5.04.07	Interest on Shareholders' Equity	0		0	0	-322,000	0	-322,000	0	-322,000
5.05	Total Comprehensive Income	0		0	0	2,328,375	-678,328	1,650,047	0	1,650,047
5.05.01	Net Income for the Period	0		0	0	2,328,375	0	2,328,375	0	2,328,375
5.05.02	Other Comprehensive Income	0		0	0	0	-678,328	-678,328	0	-678,328
5.05.02.01	Financial Instrument Adjustments	0		0	0	0	-844,823	-844,823	0	-844,823
5.05.02.06	Impacts from Companies with Significant Influence	0		0	0	0	166,495	166,495	0	166,495
5.06	Internal Changes in the Shareholders' Equity	0		0	1,573,423	-1,573,423	0	0	0	0
5.06.01	Creation of Reserves	0		0	1,573,423	-1,573,423	0	0	0	0
5.07	Closing Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008	0	8,806,008

Consolidated Financial Statements / Statement of Value Added (R\$

thousands)				
Code of the	Description	Last Fiscal Year	Second-to-Last Fiscal	Third-to-Last Fiscal Year
Account		January 1, 2019 to December 31, 2019	Year January 1, 2018 to December 31, 2018	January 1, 2017 to December 31, 2017
7.01	Revenues	0	34,405	0
7.01.02	Other Revenues	0	34,405	0
7.01.02.01	Reversal of Provisions for Tax Obligations	0	34,405	0
7.02	Inputs Acquired from Third Parties	-3,756	-19,781	-12,761
7.02.02	Materials, Electricity, Outsourced Services and Others	-2,635	-17,319	-10,710
7.02.04	Others	-1,121	-2,462	-2,051
7.03	Gross Added Value	-3,756	14,624	-12,761
7.05	Net Added Value Produced	-3,756	14,624	-12,761
7.06	Added Value Received in Transfer	-332,587	2,855,264	2,797,680
7.06.01	Equity Income	-358,760	1,520,308	1,324,741
7.06.02	Financial Revenues	26,173	95,424	65,659
7.06.03	Others	0	1,239,532	1,407,280
7.06.03.02	Income from Sale of Shares of the Financial Assets Available-for-Sale	0	0	1,407,280
7.06.03.03	Result from the Sale of Investments	0	1,239,532	0
7.07	Added Value to be Allocated	-336,343	2,869,888	2,784,919
7.08	Value Added Distribution	-336,343	2,869,888	2,784,919
7.08.01	Personnel	11,843	5,681	5,519
7.08.02	Taxes, fees and contributions	41,387	128,363	285,971
7.08.03	Compensation of Third-Party Capital	13,634	1,545,348	165,054
7.08.04	Compensation of Own Capital	-403,207	1,190,496	2,328,375
7.08.04.01	Interest on Shareholders' Equity	269,300	374,230	322,000
7.08.04.02	Dividends	0	43,215	432,952
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	-672,507	773,051	1,573,423

Comments on the Financial Information

MANAGEMENT REPORT Message to Shareholders

Dear shareholders,

In 2019, the Brazilian economy showed the first signs of recovery with the beginning of structural reforms, especially the Social Security reform. However, the unemployment rate continued high and GDP was below general expectations. Inflation remained comfortable throughout the year, allowing significant cuts in the base interest rate (SELIC).

BRADESPAR continued offering dedication and attention to its investee, VALE, which underwent its most difficult year ever.

In view of the rupture in the Brumadinho dam, VALE reviewed and strengthened the safety standards of its activities in order to become a reference in the segment. The Company adopted immediate assistance measures and containment of the effects of the accident and publicly committed to repair all damages, in all areas, creating necessary provisions and reserves.

VALE recorded negative results, despite being able to maintain the balance of its economic and financial situation.

Consequently, BRADESPAR recorded loss of R\$403.2 million in 2019, in line with VALE's results.

Nevertheless, in order to keep up with its investee, in December BRADESPAR approved a proposal for payment of interest on equity in the amount of R\$269.3 million, to be paid in accordance with its cash flow and distribution of the result from its investee. It is worth noting that the Company's net debt reached nearly zero in 2019.

As informed to shareholders at the end of the previous year, the lawsuit filed by Litel Participações, charging BRADESPAR the amount of R\$1.4 billion for losses arising from the dispute involving the so-called "Call Citibank", was held for BRADESPAR, in the lower court, including in the pleading seeking reimbursement of R\$470.1 million for BRADESPAR. However, it should be noted that this is an initial decision subject to appeal in higher courts, whose likelihood of loss is deemed possible by the Company's legal counsel.

Comments on the Financial Information

The market's confidence in BRADESPAR was reflected in the appreciation of its shares, which reached an all-time high in 2019, recording a 28% appreciation for preferred shares in 2019 and a 17.1% discount on VALE's market value.

Despite the achievements and overcoming, 2019 was marked by the death of our Board of Directors' Chairman, Mr. Lázaro de Mello Brandão, who had a natural, affable and respectful leadership. He had been leading BRADESPAR since the Company's inception and became a reference in the business sector for his talent, vision of the future, honor and faith in Brazil.

Because of our increased confidence and commitment, we are grateful to everyone's trust throughout 2019.

São Paulo, SP, March 25, 2020

Fernando Jorge Buso Gomes
Chairman of the Board of Directors

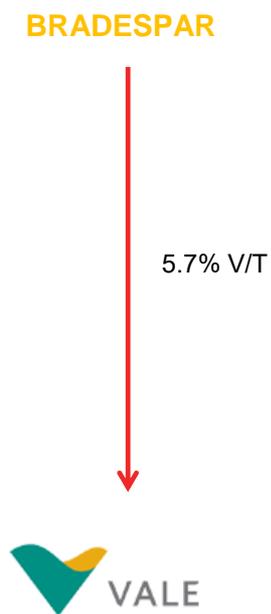
Comments on the Financial Information

INVESTMENT STRUCTURE

Since 2017, BRADESPAR's investments have exclusively focused on VALE, a company in which BRADESPAR has representatives at the Board of Directors.

At the end of 2019, the market value of BRADESPAR's assets, minus net debt, totaled R\$ 15.6 billion.

%V = % Voting Capital
%T = % Total Capital



Comments on the Financial Information

MANAGEMENT'S COMMENTS ON THE COMPANY'S PERFORMANCE

The table below shows the consolidated results, in accordance with accounting practices adopted in Brazil.

Income Statement	(R\$ thousand)					
	4Q19	4Q18	Chg %	2019	2018	Chg %
Result on Disposal of Investments	-	1.239.532	-	-	1.239.532	-
Equity Income	(344.051)	805.629	-	(358.760)	1.520.308	-
Other Operational Revenues	-	34.405	-	-	-	-
Operating Revenue	(344.051)	2.079.566	-	(358.760)	2.794.245	-
General and Administrative Expenses	(784)	(14.730)	-94,7%	(3.793)	(20.003)	-81,0%
Payroll Expenses	(5.952)	(2.280)	161,1%	(13.356)	(6.327)	111,1%
Financial Revenues (Expenses)	1.474	(20.664)	-	12.539	(35.565)	-
Tax Expenses	(38.660)	(60.306)	-35,9%	(39.671)	(119.450)	-66,8%
Other Operational Expenses	-	(3.682)	-	(38)	(1.414.210)	-
Operational Result before Income Tax/Social Contribution	(387.973)	1.977.904	-	(403.079)	1.198.690	-
Income Tax / Social Contribution	-	(8.194)	-	(128)	(8.194)	-
Results for the Period	(387.973)	1.969.710	-	(403.207)	1.190.496	-

Operating Revenue

As an investment company, BRADESPAR's operating revenue originates from the equity income, dividends and interest on its equity stake in VALE.

In 2019, BRADESPAR recorded negative operating revenue of R\$358.8 million, composed of VALE's negative equity income, mainly due to the rupture of the Brumadinho dam and impairment related to the metal and coal segments.

Financial Results

BRADESPAR's financial result came to a positive R\$12.5 million in 2019, mainly due to income from financial investments and lower debt of BRADESPAR, with early total redemption of its Third Issue of Promissory Notes, in the amount of R\$2.458 billion, as well as the early partial amortization of the Seventh Issue of Simple Debentures, in the amount of R\$512.7 million, at the end of 2018.

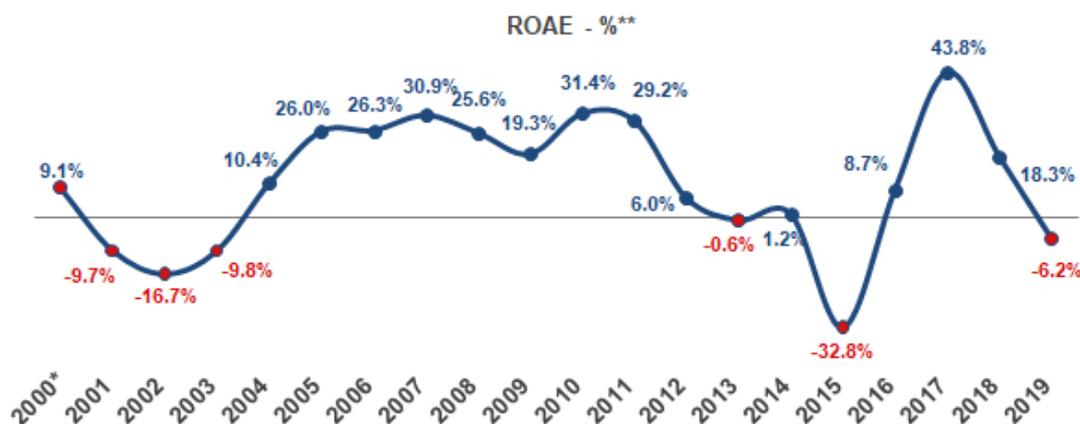
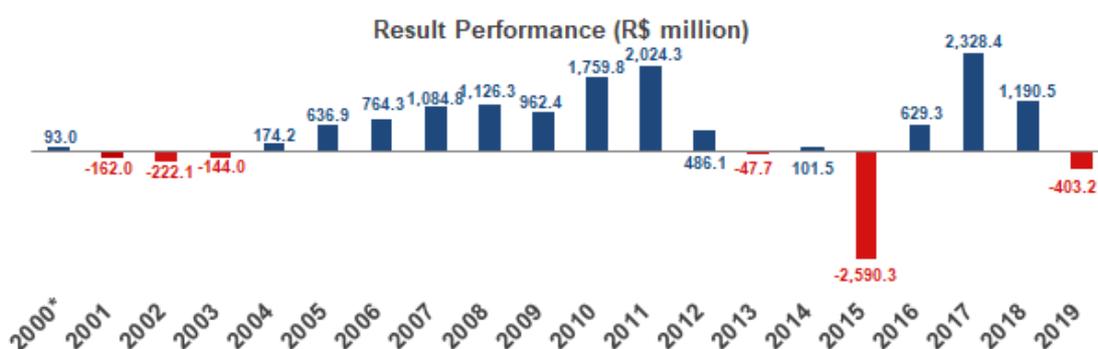
Comments on the Financial Information

Payroll, General and Administrative Expenses

BRADESPAR’s payroll, general and administrative expenses totaled R\$6.7 million in 4Q19, and R\$17.1 million in 2019, lower than the R\$26.3 million recorded in the same period in 2018.

Results of the Period

At the close of 2019, BRADESPAR recorded loss of R\$403.2 million, because of the result recorded by VALE.



*Corresponds to 10 months of operations

** ROAE = Net Income / Average Equity - does not consider the effect of the equity valuation adjustment recorded in Shareholders' Equity.

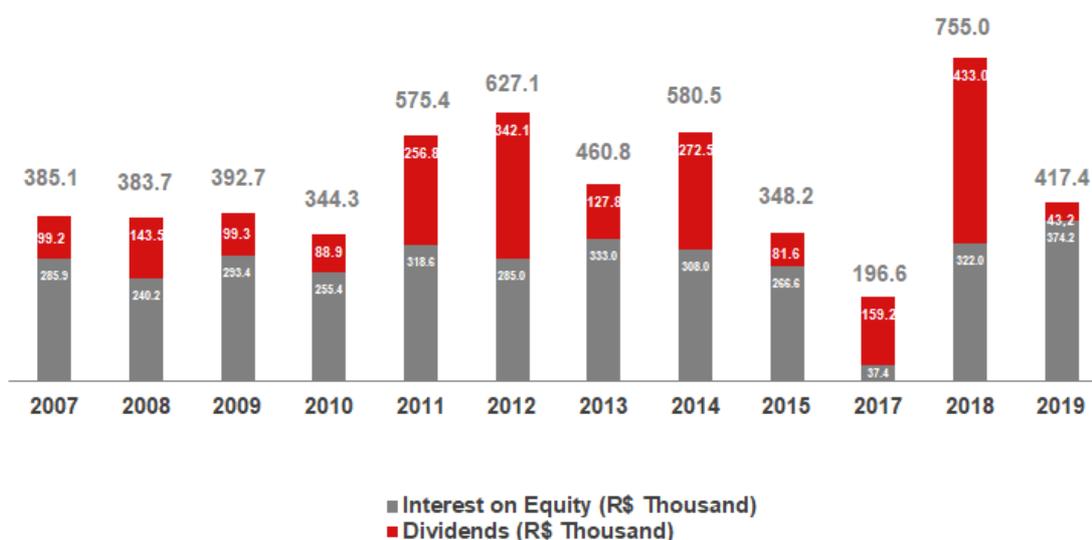
Comments on the Financial Information

DIVIDENDS AND INTEREST ON EQUITY

In compliance with its Indicative Policy for the Annual Remuneration to the Shareholder, on December 20, 2019, BRADESPAR announced the payment of interest on equity in the amount of R\$269.3 million, R\$0.726619662 of which per common share and R\$0.799281628 per preferred share, to the shareholders of record on December 27, 2019.

BRADESPAR also informed that the payment date will be opportunely informed, in accordance with its cash flow, and the payment will be based on the net values of R\$0.617626713 per common share and R\$0.679389384 per preferred share, less withholding income tax of fifteen percent (15%), except for corporate shareholders exempt from such tax.

Payment History of Interest on Equity and Dividends



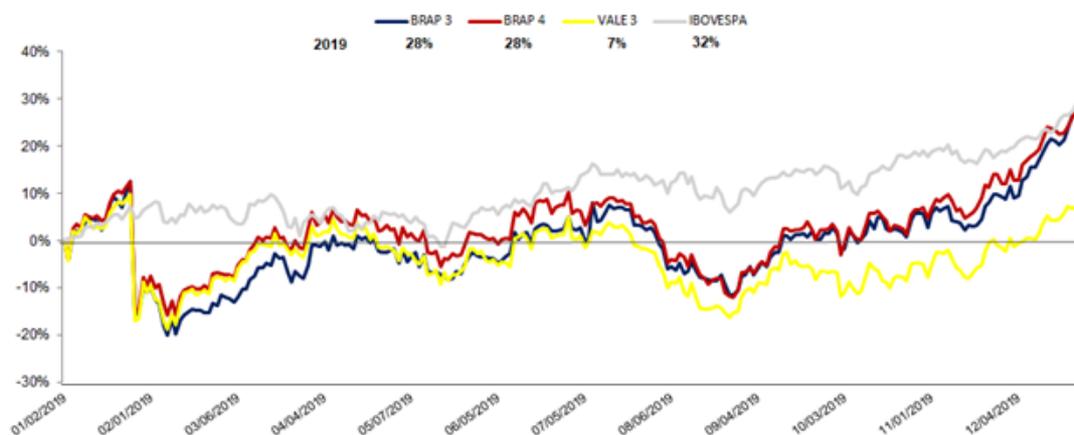
CAPITAL MARKET

Since its inception, BRADESPAR's shares are listed on B3 – Brasil, Bolsa, Balcão, under tickers BRAP3 (ON) and BRAP4 (PN), and its securities are traded on LATIBEX, the Madrid Stock Exchange's Latin American Companies Market, in Spain, in Euros, through the Depositary Receipt Program (GDRs).

Moreover, BRADESPAR's shares participate in two leading indexes: IBOVESPA, which includes the most liquid companies in the Brazilian market, and the Corporate Governance Index (IGC), composed of the companies that have committed to high standards of corporate governance, since 2001, when it adhered to B3's Level I of Corporate Governance.

In 2019, the Company's shares appreciated by 28.3% (BRAP4) and 28.2% (BRAP3), while IBOVESPA accumulated a 31.6% increase and the shares of its investee, VALE, increased 7.3%.

Shares Performance on B3 in 2018

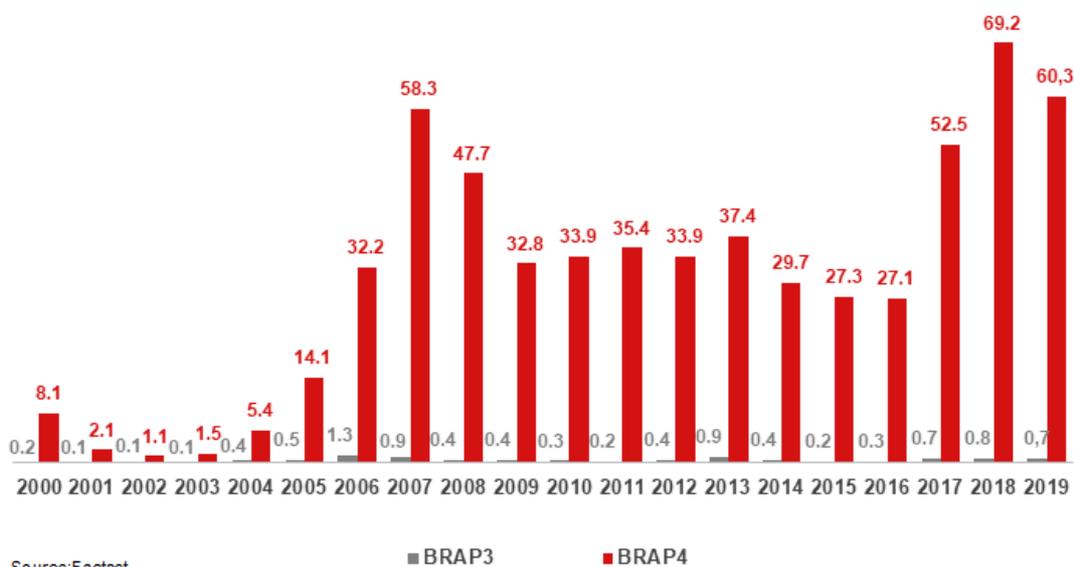


Prices adjusted for shareholder payments, including Dividends and/or Interest on Equity.
Source: Economatica.

Liquidity

The average daily trading volume of BRADESPAR preferred shares (BRAP4) in 2019 was R\$60.3 million. The average trades for BRAP4 on B3 was 8,822 in the same period.

Financial Volume Average Daily Traded Shares (R\$ million)



PREMIUM/DISCOUNT

At the end of 2019, the market value of BRADESPAR's interest in VALE reached R\$15.7 billion. The market value of BRADESPAR, in relation to VALE, was a discount of 17.1%, that is, BRADESPAR's market capitalization corresponds to 82.9% of the net value of its assets.

Comments on the Financial Information

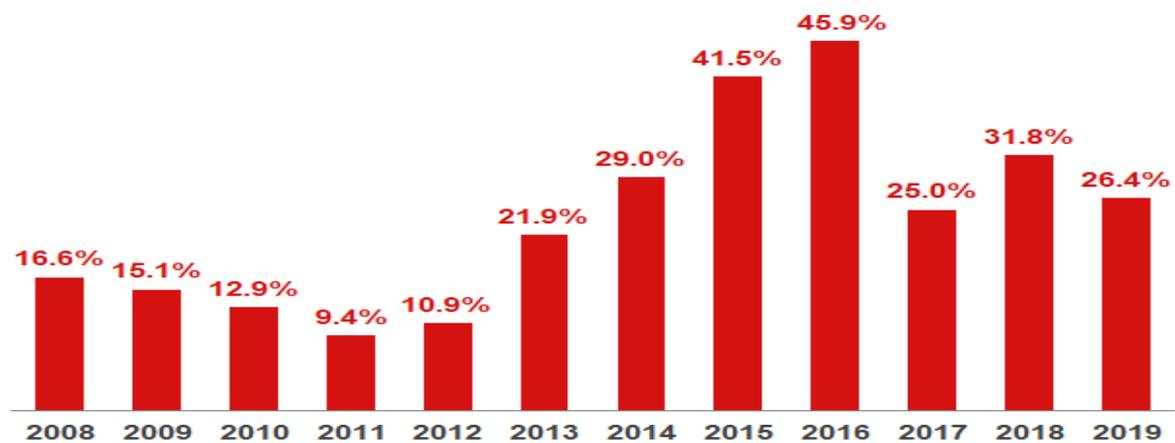
BRADESPAR's Net Asset Value vs. MarketCap (closing prices on December 30, 2019)

Companies	BRADESPAR's stake					
	Price (R\$/share)					
VALE ON	53.30	293,907,266	5.73%	15,665,257	3,894,553	3,476,194
Bradespar's Total Assets Value (A)				15,665,257	3,894,553	3,476,194
Bradespar's Net Debt (B) ⁽¹⁾				(24,009)	(5,969)	(5,328)
Bradespar's Cash and Cash Equivalents				199,033	49,482	44,166
Bradespar's Gross Debt				(223,042)	(55,451)	(49,494)
Bradespar's Net Asset Value (C) = (A) + (B)				15,641,248	3,888,584	3,470,866
Bradespar's Market Capitalization (D)				12,967,224	3,223,793	2,877,487
Common Shares (BRAP3)	35.37	122,171,449		4,321,204	1,074,298	958,895
Preferred Shares (BRAP4)	38.28	225,862,596		8,646,020	2,149,495	1,918,592
Difference between net asset value and market capitalization (C) - (D)				2,674,024	664,791	593,379
DISCOUNT ⁽²⁾				17.01%		

(1) Net Debt on 12/30/2019.

(2) $((\text{BRADESPAR's Market Cap}) / (\text{Asset Value} + \text{Net Debt})) - 1$

Historical Discount between BRADESPAR's Net Asset Value and Market Capitalization



Note: Average discount at the end of each month.

Comments on the Financial Information**COMMENTS ON INVESTEE****VALE**

VALE, a Brazilian private company present in around 30 countries, is one of the largest mining companies in the world in the production of iron ore, iron ore pellets and nickel. The company also produces manganese, iron alloys, thermal and metallurgical coal, copper, platinum's group metal byproducts, gold, silver and cobalt. The company also operates major logistics systems in Brazil and elsewhere in the world, including railways, maritime terminals and ports, which are integrated into its operations.

In 2019, VALE recorded loss of US\$1.7 billion, mainly due to (i) provisions and expenses related to the rupture of the Brumadinho dam, including changes to dams and repair agreements, (ii) recognition of impairment and onerous contracts with no cash effect, mainly related to the basic metal and coal segments, and (iii) provision related to Fundação Renova and change to the Germano dam (Minas Gerais).

In 2019, VALE's EBITDA was US\$18.0 billion, up US\$1.4 billion from 2018, mainly due to higher prices and currency variations, which were partially offset by lower production volumes and higher downtime costs and expenses, mainly related to Brumadinho.

Investments remained in line with 2018, totaling US\$3.7 billion, US\$544.0 million of which in project execution and US\$3.2 billion in the maintenance of operations.

Comments on the Financial Information

It should be noted that since the rupture in dam I of the Córrego do Feijão mine, in the city of Brumadinho, Minas Gerais, on January 25, 2019, VALE has faced its most difficult challenge, doing its best to minimize the impact caused providing repairments on social fronts and emergency works, environmental recovery and the commitment to change its upstream dams, preventive measures and providing guarantees that a similar rupture will not occur again.

Every quarter, the Company discloses a report with the Repair Balance to the Society, as well as a number of initiatives carried out in the social, construction and safety fields. To learn more, visit www.vale.com.

Comments on the Financial Information**SERVICES PROVIDED BY INDEPENDENT AUDITORS**

In compliance with CVM Instruction 381/03, BRADESPAR informs that in 2019, it did not engage the independent auditor – PriceWaterhouseCoopers Auditores Independentes – in activities not related to external audit.

With regards to engaging services not related to external audit, BRADESPAR complies with the regulations that assure the independence of the external auditor, maintaining consistency with international standards, pursuant to the procedures established by the Company, which include, among others: (a) the auditor should not audit its own work; (b) the auditor should not have management duties at the client; and (c) the auditor should not promote the interests of its client. Additionally, in case of engaging other services, the scope and the procedures of the referred services are discussed with the independent auditors, so that they do not affect the independence rules set forth.

Notes to the Financial Information

Notes to the Financial Statements (In thousands of reais, unless otherwise specified)

1. OPERATIONS

BRADESPAR S.A. (BRADESPAR, Company or Parent Company), a publicly held corporation headquartered at Avenida Paulista, 1450, 9^o andar, São Paulo - SP, Brazil, is to acquire shareholding interest in other companies.

The authorization to issue these financial statements was granted by the Board of Directors on March 25, 2020.

The direct equity interests are as follows:

a) Millennium Security Holdings Corp. (MILLENNIUM)

The corporate purpose of MILLENNIUM is to engage in any act or activity permitted by any law prevailing in the British Virgin Islands.

b) VALE S.A. (VALE)

VALE S.A. is a publicly-held company headquartered in the city of Rio de Janeiro-Brazil, with securities are traded on the Stock Exchanges of São Paulo - B3 S.A. (VALE3), Nova York – NYSE (VALE), Paris – NYSE Euronext (VALE3) and Madri – LATIBEX (XVALO).

VALE S.A. and its direct and indirect subsidiaries are the world's largest producer of iron ore and pellets, key raw materials for the steel industry and nickel producers, with applications in the stainless steel and metal alloys industry. The company also produces copper, copper, thermal and metallurgical charcoal, manganese, iron alloys, metals of the group of platinum, gold, silver and cobalt (Note 19).

2. PRESENTATION OF FINANCIAL STATEMENTS

We hereby present the Individual (Parent Company) and Consolidated financial statements of BRADESPAR, which includes the subsidiary MILLENNIUM, as at December 31, 2019 and 2018.

The Company's parent company and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and presented in accordance with CPC 36 (R3) Pronouncement - "Consolidated Financial Statements", comparable to IFRS 10 - "Consolidated Financial Statements" implemented in Brazil through the Brazilian Accounting Pronouncements Committee (CPC), interpretations (ICPCs) and guidelines (OCPCs), approved by the Brazilian Securities and Exchange Commission (CVM).

The Management states that the disclosures in BRADESPAR's individual and consolidated financial statements show all material information used in its management and the accounting practices described above have been consistently used between the fiscal years presented.

Notes to the Financial Statements

The accounting estimates applied to draw up the financial statements, related to deferred tax assets and liabilities, liability provisions and contingencies, consider the best evidence available and are based on assumptions applicable at the end of the reporting fiscal years. The final results, when realized, may differ from the estimated values.

BRADESPAR evaluates the subsequent events until the date on which the Board of Directors approved the financial statements.

3. MAIN ACCOUNTING POLICIES

a) Principles of Consolidation

The consolidated financial statements reflect the balances and transactions of the parent company and its subsidiary. Investments with significant influence are accounted for using the equity method. Note 8a.

BRADESPAR's consolidated financial statements include the its direct subsidiary MILLENNIUM.

b) Segment reporting

BRADESPAR is a holding company whose corporate purpose and sole business segment is to hold interest as partner or shareholder in other companies.

c) Functional and Presentation Currency

The financial statements are presented in Reais (R\$), which is BRADESPAR's functional currency.

d) Cash & Cash Equivalents

Cash and cash equivalents are resources used by the Company to manage its short-term liabilities, and are represented by cash and cash equivalents in domestic currency and investments in mutual funds, whose maturities at the actual date of the transactions are equal to or less than 90 days, subject to minor risk of change in fair value and are convertible into cash. The market value of investment funds is determined based on the unit value for the last day of the period, as disclosed by the fund manager.

The composition of cash and investments recorded in cash and cash equivalents is presented in Note 7.

e) Financial Instruments

(i) Classification of Financial Assets

As of 2018, the Company adopted CPC 48 - Financial Instruments (IFRS 9), which has a new approach to classify and measure financial assets, in which the entity takes as basis the business model to manage the financial assets and the characteristics of the contractual cash flow of the financial asset.

Notes to the Financial Statements

CPC 48 classifies the financial assets into three categories: (i) measured at amortized cost; (ii) measured at fair value through other comprehensive profits or losses (FVTOCI - Shareholders' Equity); and (iii) measured at fair value through profit or loss (FVTPL).

- **Measured at Amortized Cost**

Refers to financial assets that meet the criteria of the SPPI test, whose purpose is to hold the assets to receive the contractual cash flows.

Financial assets measured at amortized cost are assets initially recognized at their fair value, including direct and additional costs, and subsequently accounted for at amortized cost, using the effective interest rate method.

- **Measured at fair value through profit or loss (FVTPL)**

Financial assets measured at FVTPL are registered and initially valued at fair value, and any subsequent changes in fair value are immediately recognized in income.

These are assets held by the Company with the purpose of trading them in the short-term or to holding them as part of a portfolio managed as a whole to obtain a short-term profit or to take a position, or eventually those assets that do not meet the SPPI test. Derivative financial instruments are also categorized as FVTPL.

- **Measured at fair value through other comprehensive income (FVTOCI)**

They are initially recognized at fair value, plus transaction costs directly deriving from their acquisition or issuance, and are subsequently measured at fair value, with gains and losses recognized as other comprehensive profits or losses, with the exception of impairment losses and gains and losses on currency translation, until the financial asset is no longer recognized. Expected credit losses are recorded in the statement of income counterweighting the other comprehensive profits or losses and have no impact on the gross book value of the asset.

(ii) Methodology to calculate the market value and classify by hierarchical level

The market value of financial assets is established according to market prices for similar assets or liabilities, non-active market prices or other data, which are observable in the market, including but not limited to yield curves, interest rates, volatilities, prices of equity debt securities and exchange rates for substantially the entire term of the assets or liabilities and were classified at level 2 of the CPC 40 hierarchy.

Notes to the Financial Statements

f) Impairment of Financial Assets

The Company assesses, at the end of each year, if there is objective evidence of impairment of its assets. If the existence of impacts on cash flows is confirmed due to the impairment of its assets, if it is possible to estimate them reliably, the impairment loss is recognized in the income statement for the period. In the fiscal years of 2019 and 2018, there was no impairment loss.

g) Financial Liabilities

They are stated at their recognized or estimated value, including charges and monetary adjustments (on a daily "pro-rata" basis), when applicable.

The Company classifies its financial liabilities in the category:

- Amortized Cost, which are financial liabilities not measured at their fair value through profit or loss. They are initially recorded at their fair value and subsequently measured at amortized cost. Such category includes debentures issued by the Company. Debentures are broken down in Note 9.

h) Investments

Participation in subsidiary and investments with significant impact are measured according to the equity pickup method and, when applicable, deducted from provision for impairment.

Investments are broken down in Note 8.

i) Provisions, Contingent Liabilities and Assets, and Legal Obligations

The recognition, measurement and disclosure of provisions, contingent liabilities and assets, and also legal obligations are made according to the criteria established by CPC 25, which was approved by CVM Resolution 594/09, so that:

- Provisions: Recognized when, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of funds shall be required to settle that obligation. Provisions are determined by the expected future cash flows discounted at a fixed rate, which reflects the current market assessment of the time value of money and risks specific to the liability.
In setting up provisions, Management takes into account the opinion of legal counsel, the nature of lawsuits, any similarity with previous lawsuits, the complexity and positioning of courts, whenever a loss is deemed as probable.
- Contingent Assets: are not recognized for accounting purposes, except for collateral guarantees or favorable non-appealable decisions, classifying the gain as virtually certain, and by confirmation of its recoverability upon receipt or setting off with other payable liabilities. Contingent assets, which possibility of success is probable, are disclosed in the notes hereto, when relevant;

Notes to the Financial Statements

- **Contingent Liabilities:** under CPC 25, the term “contingent” refers to liabilities not recognized, given that their existence is only confirmed upon occurrence or not of one or more future uncertain events that are beyond Management’s control. Contingent liabilities do not meet the recognition criteria, because they are classified as possible losses, and may only be disclosed in the notes, when relevant. Liabilities classified as remote are not accrued and not disclosed; and
- **Legal Liabilities - Provision for Tax Risks:** arising from lawsuits whose subject matter is their legality or constitutionality and which, regardless of the assessment on the chances of success, have their amounts recognized in full in the financial statements.

The details of lawsuits, as well as the operation of registered amounts, are provided for in Note 10.

j) **Income Tax and Social Contribution**

The tax credits are recorded by the likely amount of realization and refer to credits of income tax and social contribution on tax losses carryforwards and temporary differences, being recognized, when applicable, in current assets and non-current assets - long-term assets.

The provision for income taxes is established at the rate of 15% on the taxable income, plus the additional 10%, where applicable.

The provision for social contribution is established on the taxable income before income tax, taking into account the rate of 9%. Provisions for other taxes and social contributions were established in accordance with the respective applicable law.

The breakdown of income tax and social contribution amounts, their calculations and information on unused tax credits are presented in Note 13.

k) **Determination of Income**

Income is determined according to the accrual basis, which provides that revenues and expenses shall be included in the calculation of the income for the periods in which they occur, always and at the same time when they are related, regardless of receipt or payment. For fundraising transactions through the issue of bonds and securities, the respective expenses are recorded against liabilities and charged through profit and loss, according to the term of the transaction.

l) **Earnings per Share**

Basic earnings per share are calculated by dividing the income attributed to the Company’s shareholders by the weighted average number of outstanding shares (total shares less treasury shares). There are no profit dilution factors.

Notes to the Financial Statements

m) Subsequent Events

They correspond to events that occurred between the base date of the financial statements and the date on which the issuance of the statements was authorized. Consisting of:

- Events that give rise to adjustments: are those that show conditions that already existed on the base date of the financial statements; and
- Events that do not give rise to adjustments: are those that show conditions that did not exist on the base date of the financial statements.

4. KEY ACCOUNTING JUDGMENTS AND ESTIMATES

The presentation of the financial statements in accordance with the principles for recognition and measurement under the accounting standards issued by CPC and IASB requires that the Company Management exercises judgments, makes estimates and assumptions that may affect the value of assets and liabilities reported.

Such estimates are based on the best knowledge existing in each period and in actions planned to be taken, being constantly revised based on the information available.

Changes in facts and circumstances may lead to a revision in the estimates, and therefore the actual future results may differ from such estimates.

Significant assumptions and estimates used by the Company Management are presented as follows:

Provisions and contingent liabilities

Accounting provisions are established taking into account the legal counsel's opinion, nature of lawsuits, similarity with previous proceedings, complexity, and court precedents, whenever losses are classified as probable, which would result in a probable use of resources to settle obligations, and whenever the amounts are able to be measured with enough certainty.

Contingent liabilities classified as possible losses are not recognized for accounting purposes and shall only be disclosed in the notes if they are individually relevant, and those classified as remote do not require the establishment of provision or disclosure.

We continuously monitor the legal proceedings in course to evaluate, among other things: (i) their nature and complexity; (ii) the development of the proceedings; (iii) the opinion of our legal counsel; and (iv) our experience with similar proceedings. In order to determine whether a loss is probable and to estimate its value, we also take into account:

- the chances of loss arising from proceedings occurred before or on the date of the financial statements, but which were identified by us after the date of the financial statements, but before their disclosure; and
- the need to disclose proceedings or events occurred after the date of the financial statements, but before their disclosure

Notes to the Financial Statements

5. ACCOUNTING PRONOUNCEMENTS

a) Standards, amendments or interpretations of applicable standards as of January 1, 2019:

(i) CPC 06 (R2) - Leaseholds

CPC 06 (R2), issued in January 2016 to replace CPC 06 (R1) Business Leasing Transactions, ICPC 03 - Additional Aspects of Leasing Transactions, establishes that the leaseholders account for all leases according to a single model, similar to the accounting of financial leases in compliance with CPC 06 (R1). CPC 06 (R2) is mandatory for fiscal years as of January 1, 2019.

Bradespar adopted CPC 06 (R2) on January 1, 2019, using the simplified modified retrospective approach, which does not require the disclosure of comparative information.

The new standard was adopted for agreements that were previously identified as leases that adopt CPC 06 (R1) and ICPC 03 - Additional Aspects of Leasing Operations. Therefore, the Company did not apply the standard to agreements that have not been previously identified as agreements with a lease under CPC 06 (R1) and ICPC 03.

On January 1, 2019, BRADESPAR recorded assets and liabilities in the amount of R\$985.00, at present value with the discount rates of 9.79% and 9.90%, as per the terms of each lease agreement.

Accounting Policies

On the starting date of the agreement, Bradespar assesses whether it contains or is a lease, in other words, if the agreement expresses the right to control the use of an asset identified for a period of time in exchange for a consideration.

BRADESPAR applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. BRADESPAR recognizes lease liabilities to pay leases and right-of-use assets that represent the right of use of underlying assets.

At the beginning of a lease, Bradespar recognizes a lease liability and a right-of-use asset. Expenses with interest on the lease liability and expenses with amortization of assets of right of use are recognized separately.

The right of use asset is initially measured at cost and subsequently deducts the accumulated amortization and any accumulated losses due to impairment, when applicable. The right of use will also be corrected in case of remeasurement of the lease liability. Amortization is calculated on a straight-line basis over the lease term.

Notes to the Financial Statements

The lease term is defined as the non-cancelable term of the lease, together with (i) periods with the option to extend the lease term, if the lessee is reasonably sure that he/she will exercise this option; and (ii) periods with the option to terminate the lease agreement, if the lessee is reasonably sure that he/she will not exercise this option. The Organization has a descriptive policy for the terms of real estate leases, taking into consideration Management's assumptions and business plan, as well as extension options and local laws and regulations.

The lease liability is initially measured at the present value of lease payments that are not made from the initial date, discounted by the incremental rate on the leaseholder's loan applied to each agreement according to the lease term.

The lease payments include fixed payments less any incentives of receivable lease and variable lease payments dependent on indices and rates. Variable lease payments not dependent on indices or rates are recognized as expenses in the period in which they occur or under a condition that results in these payments.

The additional rate applied by Bradespar considers the risk-free funding rate adjusted by the credit spread.

Subsequently, the lease liability is adjusted to reflect the interest on payment flows, remeasured to reflect any revaluation or changes in the lease and reduced to reflect the payments made.

Financial charges are recognized as financial expenses and appropriated according to the term of agreements, considering the nominal discount rate.

Property agreements and leases with an indefinite term were not considered in the scope of CPC 06 (R2) because they are leases in which the agreement can be terminated at any time without a significant fine. Accordingly, the lease agreement was not considered executable.

Low-value and short-term leases

BRADESPAR applies the short-term lease recognition exemption to its short-term leases (i.e. leases with terms equal to or lower than 12 months as of the starting date, and with no purchase options), and to low-value assets. Short-term and low-value lease payments are recognized as expense throughout the lease term.

- IFRIC 23 - Applicable in any situation where there is uncertainty regarding the acceptable treatment of taxes on profit to the Tax Authority, in accordance with tax legislation. In this sense, the Tax Authority is considered the final decision of the higher courts on the matter. The scope of the Interpretation includes all taxes covered by IAS 12, that is, both current and deferred taxes. However, it does not apply to the uncertainty regarding taxes covered by other standards. IFRIC 23 came into effect for financial periods beginning on or after January 1, 2019. A study was carried out on the effects produced by said standard and it was concluded that there were no material impacts on Bradespar.

Notes to the Financial Statements

b) Standards, amendments and interpretations of applicable standards in future periods:

- The Conceptual Framework for Financial Reports describes the purpose and concepts of the financial report for general purposes. Among the changes in definitions herein, the new definition of assets and liabilities stands out, with asset defined as “a current economic resource controlled by the entity as a result of past events” and liabilities defined as “a current obligation of the entity to transfer an economic resource as a result of past events”. The new Conceptual Framework comes into effect for annual periods beginning on or after January 1, 2020. An analysis of the new Conceptual Framework was carried out and no material impacts were identified at Bradespar.
- IFRS 17 - Insurance Agreements. Establishes the principles to recognize, measure, present and disclose insurance agreements within the scope of the Standard. The purpose of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents these agreements. IFRS 17 comes into effect for annual periods beginning on or after January 1, 2023.

6. RISK MANAGEMENT

The Company believes that risk management is crucial for strategic planning and financial flexibility. Therefore, it has developed a risk management strategy in order to provide an integrated overview of the risks to which it is exposed.

BRADESPAR is a holding company in which the source of income is due, basically, to the equity pick-up of its subsidiary and investment with significant influence. Therefore, it is subject mainly to the impact of different elements negotiated in the financial market on the business results (market risk), risks arising from third parties obligations to the Company (credit risk), those inherent to internal processes (operational risk) and those arising from economic factors (liquidity risk).

Liquidity risk management

Liquidity risk refers to the possibility that the Company fails to comply with its contractual obligations on the due dates, as well as faces difficulties to meet the needs of cash flow due to liquidity restrictions in the market.

Credit risk management

Credit risk arises from potential negative impacts on cash flow due to uncertainty in relation to the ability of counterparties to comply with their contractual obligations. It mainly arises, therefore, from cash and cash equivalents and credit exposures to outstanding accounts receivable.

In our opinion, the risk of credit exposure resulting from financial investments classified as “cash and cash equivalents” is low, since the amounts in such investments are not material, because we always made distribution of dividends and/or interest on equity to shareholders throughout in the year.

Notes to the Financial Statements

• Risk Profile of Counterparties

The Company uses basically qualitative credit risk analysis, which takes into consideration the payment history, relationship and strategic position of the counterparty in its industry, VALE being the main investment maintained by the Company, which gives us the main source of cash flow.

According to the credit risk of a particular counterparty, the Company uses the corporate guarantee strategy to mitigate the credit risk. The Company controls the receivables to ensure that all principal amounts or interest are honored by the counterparty.

Market Risk

The Company is exposed to the behavior of some market risk factors that may affect its cash flow and interest rate risk on issued debentures linked to variable rates. Potential impacts are analyzed from time to time to support decision-making processes and the Company's growth strategy and monitor future cash flows volatility.

Operational Risk

The operational risk management used by BRADESPAR to handle uncertainty related to any ineffectiveness or deficiency of internal processes, personnel, systems and external events is to mitigate such risk through the creation of controls and continuous improvement of existing controls.

7. CASH & CASH EQUIVALENTS

	On December 31			
	Parent Company		Consolidated	
	2019	2018	2019	2018
Available funds in domestic currency	120	56,042	1,770	57,626
Financial investment funds (1)	199,415	402,185	199,415	402,185
TOTAL	199,535	458,227	201,185	459,811

(1) Refer to investments of fixed income in Financial Investment Funds, allocated to members of the Organization or associated Companies, which are considered as qualified investors, managed by Bradesco.

8. INVESTMENTS

a) The adjustments resulting from the parent company's equity method are as follows:

Companies	Share Capital	Adjusted Shareholder's Equity	Adjusted Income	Number of Shares Owned (in thousands)	Share Capital Interest %	Total Investments		Adjustment due to Valuation (1)	
						2019	2018	2019	2018
MILLENNIUM	11,919	1,650	66	-	100.00	1,650	1,584	66	247
VALE (2) (3) (4)	77,300,000	168,001,637	(6,671,445)	293,907	5.56	9,343,767	9,844,701	(358,760)	1,520,308
Total						9,345,417	9,846,285	(358,694)	1,520,555

(1) Considers the results recorded by the companies, including investees' equity variations not deriving from income, as well as adjustments due to conformity of the accounting practices, for accounting practices standardization when applicable;

(2) The company's December 31, 2019 information was audited by the same independent auditors of BRADESPAR;

(3) The use of the equity method for investment with significant influence on Vale S.A. arises from the shareholders' agreement of Vale S.A., which will be in force until November 9, 2020. After that date, if the Company does not maintain a significant influence over the investee, it will no longer apply the equity method, then evaluating the investment as a financial instrument; and

(4) For more information on the direct investment in VALE, see Note 19.

b) Breakdown of investments measured by equity pickup method in the Consolidated:

Company	Total Investments		Market Value (2)	
	2019	2018	2019	2018
VALE	5,989,485	6,763,937	15,665,243	14,989,257
VALE – Adjustment Effect (1)	3,354,282	3,080,764	-	-
Total	9,343,767	9,844,701	15,665,243	14,989,257

(1) Equity valuation adjustments, as per Law 11638/07 and CPCs 2 and 8, which are recorded against the shareholders' equity, basically refer to forex differences when translating foreign currency into the functional currency of VALE's operations; and

(2) Market value of VALE's interest.

9. DEBENTURES PAYABLE

On June 28, 2018, BRADESPAR carried out its seventh public issue of 70,000 non-convertible debentures, at the unit par value of ten thousand reais (R\$10,000), totaling R\$700,000, maturing on June 28, 2021 as of the issue date. With interest corresponding to 103.95% of the accumulated variation of the DI over extra group daily average rate - one-day Interbank Deposits, calculated and disclosed by B3 and available on CETIP's webpage, on a year of 252 business days, expressed as annual percentage ("DI-Over Rate"), incurring on the unit par value or on the balance of the unit par valued of the debentures, calculated from the issue date or from the actual payment date of the compensation, until the end of the capitalization period, *pro rata temporis*.

On July 2, 2018, BRADESPAR received the amount of R\$700,358 thousand from the seventh public issue of 70,000 non-convertible debentures, at the unit par value of R\$10,000, issued on June 28, 2018. The funds obtained had the purpose of fully settling the debentures of the single series of the sixth issue.

On December 27, 2018, BRADESPAR notified the holders of debentures of its seventh issue on the extraordinary early amortization of 70% (seventy percent) of the unit par value of the debentures, according to contractual prerogative that allows the early amortization, limited to 90% of the nominal unit value or the balance of the nominal unit value of the debentures, compensation, calculated *pro rata temporis* from the issue date up to the actual payment date in the amount of R\$512,734.

Notes to the Financial Statements

On December 31, 2019 and December 31, 2018, BRADESPAR did not identify any non-compliance event that could cause the early maturity of the debt.

On December 31, 2019, the updated payable balance of the debentures totaled R\$223,017 (December 31, 2018 – R\$209,861).

10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS - TAX

a) Contingent assets

No contingent assets were recognized; however, there are proceedings with probable chances of success, namely:

- COFINS – R\$12,159 (December 31, 2018 – R\$11,937): The Company pleads COFINS refund or offset, collected pursuant to Law 9718/98, between January and October 2001, regarding all due invoicing surplus; and
- Social Integration Program (PIS) – R\$2,634 (December 31, 2018 – R\$2,587): The Company pleads the PIS refund or offset, collected pursuant to Law 9,718/98, between January and October 2001, regarding all surplus due amounts based on the requirements set out by Supplementary Law 7/70 (Pis Repique), or at least regarding all due invoicing surplus.

b) Provisions classified as probable losses and legal obligations - Tax

The companies included in in the Consolidated are parties in tax lawsuits arising from the regular course of their activities.

When recording provisions, Management considers the legal counsel's opinion, nature of lawsuits, similarity with previous proceedings, complexity, and court standpoint, whenever losses are classified as probable.

BRADESPAR's Management understands that the provision recorded is sufficient to cover all losses arising from such proceedings.

Liabilities regarding legal obligations under legal dispute are maintained until the lawsuit is granted relief, represented by favorable court decisions over which no further appeals shall not apply or barred by law.

I) Tax Provisions

By virtue of the Private Share Purchase Agreement representing Bradesplan Participações Ltda. (BRADESPLAN's) share capital, executed with Banco Bradesco S.A. (BRADESCO) in May 2006, BRADESPAR is responsible for tax court proceedings (PIS and COFINS) involving the former subsidiary BRADESPLAN. On December 31, 2019, the updated amount totaled R\$6,901 (December 31, 2018 – R\$6,665).

Notes to the Financial Statements

The balance of judicial deposits on December 31, 2019, in the amount of R\$7,805 (December 31, 2018 – R\$7,504) is related to COFINS, which must be refunded by the Brazilian Federal Revenue Service (RFB) pursuant to the aforementioned proceedings.

II) Changes in Tax Provisions:

	Parent Company and Consolidated	
	2019	2018
Opening Balance of the Fiscal Year	6,665	40,073
Monetary restatement	236	997
Reversal (1)	-	(34,405)
Closing Balance of the Fiscal Year	6,901	6,665

(1) Refers to the reversal of the provision related to the PIS and COFINS case by a favorable decision.

c) Contingent liabilities classified as possible losses

BRADESPAR has a system to monitor all the administrative and legal proceedings in which it is the plaintiff or defendant, and supported by its legal counsels' opinion, it classifies lawsuits according to the expectation of losses: remote, possible or probable.

The lawsuits classified as possible are:

- I) ANTARES, incorporated by BRADESPAR, is a party to a lawsuit filed with RFB, as successor of the spun-off portion of VBC Participações S.A. (VBC), concerning the compensation in this company for tax losses and negative calculation base of social contribution on net profit, during its total spin-off and consequent extinction, in an amount higher than the limit of 30% set forth by Law No. 8.981/95. The total amount, on December 31, 2019, corresponded to R\$280,709 (December 31, 2018 - R\$272,828), of which R\$206,752 was recorded as income tax (December 31, 2018 - R\$200,948) and R\$73,957 was recorded as social contribution on net income (December 31, 2018 - R\$71,880).
- II) Bradespar is a party to a lawsuit filed by Litel Participações S.A. ("Litel"), which is filed in court under legal confidentiality, Case 0281248-69.2018.8.19.0001 at the 10th Civil Court of Rio de Janeiro. In this lawsuit, Litel seeks the conviction of Bradespar for the payment of R\$1.4 billion as reimbursement of the amount that Litel paid to Elétron S.A. ("Elétron"), in an agreement entered into in the records of a lawsuit to comply with an arbitration decision, converted into losses and damages, filed against Litel and Bradespar. Litel alleges a noncompliance with the Indemnification Agreement entered into between the parties on January 5, 2001.

Bradespar disagrees with Litel's lawsuit due to the reasons addressed in the defense filed on March 8, 2019. In addition to contesting the lawsuit, Bradespar filed a counterclaim to compel Litel to reimburse Bradespar in the amount of R\$705 million, based on the aforementioned Indemnity Agreement.

In a court decision issued on December 4, 2019, the first-degree judge dismissed the lawsuit filed by Litel and partially granted the counterclaim of R\$470 million. Both parties filed appeals of motion for clarification, pending a court decision.

Notes to the Financial Statements

The Company and Sérgio Bermudes Office that represents Bradespar in the lawsuit classified as possible the likelihood of loss of Bradespar.

- d) The Company does not have labor contingencies, classified as probable and possible losses, which shall be provisioned or disclosed.

11. SHAREHOLDERS' EQUITY

a) Ownership structure in number of shares

Share capital is divided into non-par, book-entry, registered shares.

	On December 31	
	2019	2018
Common Shares	122,171,449	122,171,449
Preferred shares	225,862,596	225,862,596
Total	348,034,045	348,034,045

b) Profit Reserves

	On December 31	
	2019	2018
Legal Reserve (i)	227,610	227,610
Statutory Reserve (ii)	1,878,963	2,551,470
Total	2,106,573	2,779,080

- (i) The legal reserve is established mandatorily based on 5% of net income for the year, limited to 20% of the paid-in share capital. The legal reserve is intended to ensure the integrity of the share capital, and shall only be used to offset losses or to increase the capital; and
- (ii) The statutory reserve is intended to maintain an operating margin compatible with the performance of the Company active operations, and may be established by 100% of the net income remaining after any statutory allocations are made, upon proposal submitted by the Executive Board, approved by the Board of Directors and resolved in the Shareholders Meeting, with the balance being limited to 95% of the paid-in share capital.

In 2019, the Profit Reserves - Statutory balance was partially used, with R\$ 269,300 referring to interest on own capital and R\$ 403,207 absorbing accumulated losses.

c) Treasury Shares

The Board of Directors' Meeting of August 14, 2019, resolved to renew the share buyback program; the shares will be held in treasury and subsequently sold or canceled, without reducing the share capital. In order to invest funds from the "Profit Reserve – Statutory", which are available for investment, the Board of Directors authorized the Company's Executive Board to acquire, between August 15, 2019 and February 15, 2021, up to 10,870,000 no-par registered, book-entry shares, of which up to 970,000 common and up to 9,900,000 preferred, within the authorized limits and the validity period mentioned above.

On December 31, 2019, the program for the acquisition of its own shares was not renewed.

Notes to the Financial Statements

d) Interest on equity and/or dividends

As per the notice to the market of December 28, 2018, in accordance with the Material Fact disclosed on December 21, 2018, after reviewing the cash generation flows and the distribution of income of its investee and in accordance with the flows and the "Indicative Policy for Annual Remuneration", BRADESPAR paid, on January 31, 2019, interest on shareholders' equity totaling R\$217,000.

At the Annual Shareholders' Meeting held on April 30, 2019, BRADESPAR notified to the market the approval of the payment of additional dividends and interest on shareholders' equity, totaling R\$200,445, which were paid on May 15, 2019.

On December 20, 2019, BRADESPAR announced to the market that it approved the payment of interest on equity of R\$269,300, payable in a timely manner, in accordance with its free cash flow.

Interest on shareholders' equity/dividends were paid and provisioned as follows:

Description	Per Share (Gross)		Gross Value	IRRF (15%)	Net Value
	Common Shares	Preferred shares			
Interest on Shareholders' Equity Paid	0,585,504	0,644,055	217,000	32,550	184,450
Additional Interest on Shareholders' Equity Paid	0,424,234	0,466,658	157,230	23,585	133,645
Dividends paid	0,116,601	0,128,261	43,215	-	43,215
Total on December 31, 2018	1,126,339	1,238,974	417,445	56,135	361,310
Interest on shareholders' equity provisioned	0,726,619	0,799,281	269,300	40,395	228,905
Total on December 31, 2019	0,726,619	0,799,281	269,300	40,395	228,905

12. FINANCIAL RESULT

	Fiscal Years ended on December 31			
	Parent Company		Consolidated	
	2019	2018	2019	2018
Financial Revenues				
Total Financial Investments	15,300	88,399	15,330	88,422
Interest rate on recoverable taxes	10,462	5,528	10,462	5,528
Others	316	1,244	381	1,474
	26,077	95,171	26,173	95,424
Financial Expenses				
Debenture interest expenses	(13,049)	(75,611)	(13,049)	(75,611)
Expenses with interest on promissory notes	-	(54,386)	-	(54,386)
Others	(585)	(992)	(585)	(992)
	(13,634)	(130,989)	(13,634)	(130,989)
Net Earnings	12,443	(35,818)	12,539	(35,565)

Notes to the Financial Statements

13. INCOME TAX AND SOCIAL CONTRIBUTION

a) Taxes to Offset and Recover

Taxes to Offset and Recover, in the Parent Company and Consolidated, totaling R\$198,935 (December 31, 2018 - R\$217,265), basically refer to income tax and social contribution from previous fiscal years and withholding income tax over financial investment and interest on equity received.

b) Statement of calculation of charges with income tax and social contribution:

	Fiscal Years ended on December 31			
	Parent Company		Consolidated	
	2019	2018	2019	2018
Earnings before taxes (Income Tax and Social Contribution)	(403,079)	1,198,690	(403,079)	1,198,690
Total income tax and social contribution at the rates of 25% and 9%, respectively.	137,047	(407,555)	137,047	(407,555)
Effect of additions and exclusions in tax calculations:				
Shareholding interest in subsidiaries and investments with substantial influence, taxed in the corresponding companies	(121,956)	516,989	(121,978)	516,905
Non-deductible provisions and expenses, net of non-taxable income	(1,120)	8,495	(1,098)	8,579
Interest on shareholders' equity received and receivable	(141,335)	(203,449)	(141,335)	(203,449)
Interest on Shareholders' Equity (paid and payable)	145,020	73,780	145,020	73,780
Others (1)	(17,783)	3,546	(17,783)	3,546
Income Tax and Social Contribution Tax in the Period	(127)	(8,194)	(127)	(8,194)

(1) substantially includes the realization of non-activated tax credit.

c) Unused tax credits

On December 31, 2019, in the Parent Company and in the Consolidated, unused income tax and social contribution tax credits, calculated on temporary additions and tax losses and social contribution tax loss carryforwards, totaled R\$321,433 (December 31, 2018 – R\$357,419).

14. RELATED PARTIES

l) Related-party transactions (direct and indirect) are performed based on conditions and fees compatible with third-party averages on the date of such transactions. The main transactions are detailed below:

Notes to the Financial Statements

a) Parent Company and Consolidated

	Fiscal Years ended on December 31	
	Investment with significant influence ⁽¹⁾	
	2019	2018
Current Assets		
Interest on Shareholders' Equity Receivable	353,338	-
Revenue		
Revenue from Interest on Shareholders' Equity	415,692	598,380

(1) VALE S.A.

II) Compensation of Key Management Personnel

Each year, the Annual Shareholders' Meeting establishes:

- Management's overall annual compensation, which is defined at the Board of Directors' meeting, to be paid to the members of the Board of Directors and Executive Board, as provided for by the Company's Bylaws; and
- The amount allocated to fund the supplementary pension plans of the Management, within the Pension Plan for BRADESPAR's Management.

For 2019, the maximum of R\$9,000 was established for the remuneration of the Management. Part of this refers to the social security contribution to INSS, which is a liability to the Company, and R\$4,600 to cover private pension plans.

Short-term and medium-term compensation to the Management

	Fiscal Years ended on December 31	
	2019	2018
Compensation and Contribution to Social Security for INSS	8,284	3,360
Total	8,284	3,360

Post-employment benefits

	Fiscal Years ended on December 31	
	2019	2018
Additional Pension Plans with Fixed Contribution	4,276	2,452
Total	4,276	2,452

Other Benefits

BRADESPAR does not have long-term benefits upon employment contract termination or share-based compensation, pursuant to CPC 10 - Share-Based Compensation for its Management's key personnel.

III) Equity interest

The members of the Board of Directors and of the Executive Board jointly hold the following shareholding in BRADESPAR:

	On December 31	
	2019	2018
•Common shares	0.3807%	0.4626%
•Preferred shares	0.5473%	0.5346%
•Total Shares	0.4888%	0.5093%

15. FINANCIAL INSTRUMENTS**a) The financial instruments are classified below:**

- I) Financial Assets - In the Parent Company, refer to Cash and Cash Equivalents, totaling R\$199,535 (December 31, 2018 – R\$458,227), and, in the Consolidated, totaling R\$201,185 (December 31, 2018 – R\$459,811); and
- II) Financial Liabilities - Amortized Cost at the Parent Company and Consolidated, refer to Payable Debentures totaling R\$223,017 (December 31, 2018 - R\$209,861) and Other Liabilities totaling R\$25,468 (December 31, 2018 - R\$25,718) Note 17 d.

b) Non-discounted cash flow for financial liabilities

The undiscounted contractual cash flow payable, according to non-derivative financial liabilities, refers to Debentures Payable, totaling R\$238,250 (December 31, 2018 - R\$246,548), maturing on June 28, 2021.

Cash flows are estimates prepared by the Company and may vary in relation to this analysis due to oscillations in the index to which it's linked.

c) Sensitivity analysis

In compliance with CVM Instruction 475/08, the following chart provides the sensitivity of positions subject to variations in market rates or prices:

Risk Factors	Definition	Scenarios					
		On December 31, 2019			On December 31, 2018		
		1	2	3	1	2	3
Interest rate in reais	Exposures subject to variations of fixed interest rates and interest rate coupon	(1)	(90)	(178)	(4)	(707)	(1,402)
Total without Correlation		(1)	(90)	(178)	(4)	(707)	(1,402)
Total without Correlation		(1)	(90)	(178)	(4)	(707)	(1,402)

The sensitivity analysis was performed based on the scenarios developed for the respective dates, always considering the market information of the time and scenarios that would negatively affect our positions.

Scenario 1: Based on the market information (B3, Anbima, etc.), 1-basis point shocks were applied for the interest rate. Example: a 4.56% p.a. scenario was applied to a fixed 1-year interest rate of 4.57% p.a.

Scenario 2: Shocks of 25% were applied based on the market. Example: a 4.56% p.a. scenario was applied to a fixed 1-year interest rate of 5.70% p.a.

Scenario 3: Shocks of 50% were applied based on the market. Example: a 4.56% p.a. scenario was applied to a fixed 1-year interest rate of 6.84% p.a.

16. FAIR VALUE ESTIMATE

It is assumed that the fair value of cash and cash equivalents and other obligations is in line with their book value, considering that their book value is significantly close to their curve values, without a significant market, credit, and liquidity risks. The Company uses CPC 40 (R1) for financial instruments measured at fair value in the balance sheet.

- I) Financial Liabilities measured at amortized cost, at the Parent Company and Consolidated, refer to Debentures Payable, and their estimated fair value by discounting future contractual cash flows are approximated to the amortized cost.
- II) The Company does not have assets measured at fair value based on levels 1, 2 and 3 and liabilities measured at fair value based on levels 1 and 3.

17. OTHER INFORMATION

- a) The Company did not operate with derivative financial instruments on December 31, 2019 and December 31, 2018;
- b) Amounts receivable on December 31, 2018, in the Parent Company and Consolidated, reaching R\$105,050, refer to the sale of VALE's shares, traded on B3 on December 26 and 27, 2018, with financial settlement on January 2 and 3, 2019;
- c) Intangible Assets on December 31, 2019, in the Parent Company and in the Consolidated, totaling R\$967, refers to a property lease;
- d) Other Liabilities, in the Parent Company and Consolidated, to R\$28,848 (December 31, 2018 – R\$26,843) mainly refer to the fractions of shares arising from the reverse split, as resolved at the Extraordinary Shareholders' Meeting (ESM) of April 2004, which were sold on the B3 auction in July 2004; the amounts were credited or made available to shareholders
- e) On December 31, 2018, Other Operating Expenses, in the Parent Company and Consolidated, included expenses related to the payment of the Elétron proceeding, due to the agreement signed upon completion of the legal disputes, in the amount of R\$1,410,528.
- f) General and Administrative Expenses, in the Parent Company and Consolidated, refer to Personnel Expenses, totaling R\$13,356 (December 31, 2018 – R\$6,327), and Other General and Administrative Expenses in the Parent Company totaling R\$3,763 (December 31, 2018 – R\$19,997) and in the Consolidated totaling R\$3,793 (December 31, 2018 – R\$20,003).

18. SUBSEQUENT EVENTS

As instructed by CVM (Comissão de Valores Mobiliários), on March 10, 2020, through Circular Letter SNC / SEP / nº 02/2020, as well as in compliance with CPC 24 - Subsequent Events, Bradespar's Management informs that it was not possible, at this time, to measure any future economic and financial impacts resulting from the Covid-19 pandemic, considering also that Bradespar is a Holding and its operations are mainly affected by the impact of its investment in a company with significant influence. The Covid-19 dissemination and the consequent effects on the markets occurred in the beginning of 2020, that is, these events do not provide additional evidence about the situation that existed on December 31, 2019, therefore such event is not adjustable in the financial statements as of December 31, 2019. The Company will continue to closely observe the future developments of this situation.

19. ADDITIONAL INFORMATION ON INVESTMENTS WITH SIGNIFICANT INFLUENCE

- l) Below, the summary of the Consolidated Balance Sheet and the Consolidate Income published by VALE, not representing BRADESPAR's proportional interest:

BALANCE SHEET - R\$ Million	On December	
	2019	2018
ASSETS		
Current	68,698	59,256
Noncurrent:		
Long-Term	67,705	51,631
Investments	11,278	12,495
Property, Plant & Equipment	187,733	187,481
Intangible Assets	34,257	30,850
TOTAL	369,671	341,713
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current	55,806	35,285
Non-current	156,716	132,745
Shareholders' Equity	157,149	173,683
TOTAL	369,671	341,713
Direct Interest	5.56%	5.56%

Notes to the Financial Statements

INCOME STATEMENT - R\$ Million - Fiscal Years ended on December 31		
	2019	2018
Sales revenue, net	148,640	134,483
Cost of goods sold, and services rendered	(83,836)	(81,201)
Gross Profit	64,804	53,282
Operating expenses	(59,880)	(9,413)
Financial Result	(13,446)	(18,058)
Equity Income	(2,684)	(693)
Earnings before Income Taxes	(11,206)	25,118
Income Taxes	2,509	966
Income of Continued Operations	(8,697)	26,084
Income of Discontinued Operations	-	(310)
Profit (Loss) for the Period	(8,697)	25,774
Attributed to VALE's shareholders	(6,672)	25,657
Attributed to non-controlling interests	(2,025)	117

II) Other Information**a) Contingencies related to Samarco accident***(i) Public civil claim filed by the Federal Government and others and Public civil claim filed by Federal Prosecution Office ("MPF")*

In 2016, the federal government, the Brazilian states of Espírito Santo and Minas Gerais and other governmental authorities have initiated a public civil lawsuit against Samarco and its shareholders, with an estimated value indicated by the plaintiffs of R\$20.2 billion. In the same year, MPF filed a public civil action against Samarco and its shareholders and presented several claims, including: (i) the adoption of measures for mitigating the social, economic and environmental impacts resulting from the dam failure and other emergency measures; (ii) the payment of compensation to the community; and (iii) payments for the collective moral damage. The action value indicated by MPF is R\$155 billion.

In June 2018, the parties entered into an agreement ("Term of Adjustment of Conduct"), which extinguishes (i) the public civil claim of R\$20.2 billion filed by the Federal Government and others; and (ii) part of the claims included in the public civil claim of R\$155 billion filed by MPF. The agreement also establishes a possible renegotiation of Fundação Renova's repair programs after the conclusion of the specialist's studies hired to advise the Public Prosecutor's Office in this process. These negotiations are expected to occur during 2020.

In September 2019, the Court approved the list of entities selected by the community to provide it with technical assistance to assure its participation on the debates regarding the measures to be adopted for mitigate the impacts, accordingly to the referred agreement.

In January 2020, the Court issued an order for the Brazilian Mining Authority (ANM) ratifying the revocation of the decision issued on the public civil actions filed by the Brazilian Federal Government and others, determine the immediate revocation of the restrictions on Vale's mining concessions.

Notes to the Financial Statements

(ii) United States class action lawsuits

In March 2017, holders of bonds issued by Samarco Mineração S.A., filed a class action suit in the Federal Court in New York against Samarco Mineração S.A., Vale S.A., BHP Billiton Limited, BHP Billiton PLC and BHP Brasil Ltda. under U.S. federal securities laws. The plaintiffs allege that Vale S.A. made false and misleading statements or not made disclosures concerning the risks and dangers of the operations of Samarco's Fundão dam and the adequacy of related programs and procedures.

In June 2019, the Court issued a decision and order dismissing with prejudice the putative federal securities class action. In December 2019 the plaintiffs filed a Notice of Appeal to the Court of Appeals, plaintiff's legal deadline to file the brief of the appeal should expire in March 2020. Based on the assessment of the VALE's legal consultants, the defendants would have better arguments to oppose the appeal to be filed by plaintiffs.

(iii) Class action lawsuits related to Vale's American Depositary Receipts

With respect to litigation in the United States concerning Samarco's Fundão dam, Vale and certain of our officers have been named as defendants in securities class action suits in the Federal Court in New York brought by holders of Vale's American Depositary Receipts under U.S. federal securities laws. The suit was brought as a putative class action on behalf of holders of Vale's American Depositary Receipts ("ADRs"), alleging violations of the U.S. Federal Securities laws on the basis of alleged false and misleading statements or omissions concerning the risks of operations of Samarco's Fundão dam and the adequacy of the related programs and procedures.

On March 23, 2017 the judge issued a decision rejecting a significant portion of the claims against Vale S.A. and the individual defendants, determining the prosecution of the action with respect to more limited claims. The portion of plaintiffs' case that remains is related to certain statements about procedures, policies and risk mitigation plans contained in Vale S.A.'s sustainability reports in 2013 and 2014, and certain statements regarding to the responsibility of Vale S.A. for the Fundão dam failure made in a conference call in November 2015.

Fact and Expert discovery was totally concluded in October 2019. On September 27, 2019, the Court denied class certification. On December 26, 2019, the Court issued an Order stating that the parties had informed the Court that the parties had reached a settlement in principle. The Court directed the parties to submit a motion to approve a proposed settlement no later than February 07, 2020. On February 07, 2020, the parties have filed to the Court an "Stipulation and Agreement of Settlement" by means of the defendants agreed to pay R\$101 (US\$25 million) to settle the case, which is yet subject to some Court approvals and other conditions to be fulfilled before the settlement can be considered as final and binding. These approvals and conditions are expected to occur in 2020.

(iv) Criminal lawsuit

In 2016, the MPF brought a criminal lawsuit against Samarco and its shareholders, VogBr Recursos Hídricos e Geotecnia Ltda. and 22 individuals for the consequences related to Fundão dam failure. , the progress of the criminal action is paralyzed due to the judgment of Habeas Corpus, with no decision.

Notes to the Financial Statements

On April 23, 2019, the Federal Court from the 1st Region (“TRF1”) issued an Habeas Corpus writ and granted it to dismiss the criminal charges of homicide and physical injuries committed by oblique intent held against one of the defendants on the criminal action. At the same opportunity, the Court extended the writ’s issuance to all other defendants on the case as the criminal information does not describe the crimes of homicide and physical injury, but the crime of flooding qualified by the result of death and physical injury as a consequence of the Fundão dam’s failure. Therefore, the Court dismissed the homicide and physical injuries charges held against all defendants.

After acknowledging the Court’s decisions, the Ponte Nova Court changed the process, withdrawing the case from the grand jury and putting it in the ordinary processing. In the same opportunity, the judge ruled to determine the parties to manifest themselves about this process alteration and, after the Federal Prosecution and the defenses presented their petitions, the judge withdrew the charges against Vale and BHP executives and the accusation withheld for trial for the two companies together with Samarco and its representatives. The accusation of crimes committed against the Environmental Public Administration by Vale and one of its executives also remained unaltered. Additionally, the judge determined precatory letters to be sent to collect the defense witnesses testimonies and opened a 60 day term for the defenses to present a list of questions to be put together with the international cooperation for the testimony of the accusation witnesses residing in Canada.

(v) Tax proceedings

In 2018, the Office of the Attorney General for the National Treasury (PGFN) requested a judicial order to secure the payment of alleged federal tax and social security debts regarding Samarco. In May 2019, a favorable decision was issued dismissing the claim without prejudice, due to lack of procedural interest. The PGFN filed an appeal to the Local Court. The Company is waiting for the Court ruling.

b) Brumadinho dam failure

On January 25, 2019, a tailings dam (“Dam I”) failed at the Córrego do Feijão mine, in the city of Brumadinho, state of Minas Gerais. The failure released a flow of tailings debris, destroying some of Vale’s facilities, affecting local communities and disturbing the environment. The tailings released have caused an impact of around 315 km in extension, reaching the nearby Paraopeba River. The dam failure in Brumadinho (“event”) resulted in 270 fatalities or presumed fatalities.

The Córrego do Feijão mine is part of the Paraopeba complex, in the Southern System. Dam I contained approximately 11.7 million cubic meters of iron ore tailings and was inactive since 2016 (that is, without additional tailings disposal). Dam I was raised by building successive layers (“lifts”) above the tailings accumulated in the reservoir, a technique known as the “upstream” method. There are two other raising methods, the “downstream” and “centerline” methods. Each of these methods presents a different risk profile.

The VALE has been taking the necessary actions to support the victims and to mitigate and recover the social and environmental damages resulting from the event. Vale has provided support in multiple ways, aiming to ensure the humanitarian assistance to those affected by the dam failure. VALE has been focused on preventing further similar events through the accelerated decommissioning of upstream and some centerline dams.

Notes to the Financial Statements

In addition, Vale has determined the suspension of the Shareholder's Remuneration Policy and any other resolution related to shares buyback.

As a result of the dam failure, the VALE recognized in the income statement a total impact of R\$28,818 for the year ended December 31, 2019 to meet its assumed obligations, including de-characterization of the dams, indemnification and donations to those affected by the event, remediation of the affected areas and compensation to the society.

a) De-characterization of Dams

(i) VALE Dams

On January 29, 2019, the VALE informed the market and Brazilian authorities the decision to speed up the plan to "decharacterize" all of its tailings dams built under the upstream method (same method as Brumadinho's dam), located in Brazil. The "de-characterization" means that the structure will be dismantled so the structure is effectively no longer a dam. After the event, the Brazilian National Mining Agency ("Agência Nacional de Mineração – ANM") set new safety criteria for dams, determining the decharacterization of structures built under the upstream and centerline methods.

Before the event, the decommissioning plans of these dams were based on a method which aimed to ensure the physical and chemical stability of the structures, not necessarily, in all cases, removing in full and potentially processing the tailings contained in the dams. Since the event, the VALE has been working to develop detailed de-characterization engineering plan for each of these dams.

The updated plans indicate that for certain of these upstream dams, firstly, the VALE will have to reinforce the downstream massive structures, and conclude the de-characterization subsequently, according to the geotechnical and geographic conditions of each of them. It was also considered whether additional containment structures should be built, depending on the safety level of the structure.

Following the VALE's decision and new standards set by ANM, the Company has undertaken an assessment of its dam structures since the event and recorded a provision for the de-characterization of upstream, certain "centerline structures" and dikes that have been identified to date.

Vale has developed engineering projects for these structures and the total expected costs to carry out all de-characterization projects resulted in a provision of R\$10,274 recognized in the income statement.

The measurement of the costs and recognition of the provision takes into consideration several assumptions and estimates, which rely on factors, for which some are not under the VALE's control. The main critical assumptions and estimates applied considers, among others: (i) volume of the waste to be removed based on historical data available and interpretation of the enacted laws and regulations; (ii) location availability for the tailings disposal; (iii) acceptance by the authorities of the proposed engineering methods and solution; and (iv) updates in the discount rate. Therefore, changes in the critical assumptions and estimates may result in a material change to the amount provided as at December 31, 2019.

Notes to the Financial Statements

(ii) Associates and joint ventures upstream dams

Some of our investees also operate similar dam structures and as detailed in the note 22 to these financial statements, the VALE recognized a provision of R\$993 during 2019 as “Equity results and other results in associates and joint ventures” in relation to the de-characterization of the Germano tailings dam, owned by Samarco Mineração S.A.

Framework Agreements and donations

The VALE has been working together with the authorities and society to remediate the environmental and social impacts of the event. Therefore, the VALE has started negotiations and entered into agreements with the relevant authorities and affected people. VALE has also signed an instrument committing to donate to Brumadinho city, other institutions, to the families with missing members or affected by fatalities, to business owners of the region and families that resided in the Self-Saving Zone near to the Brumadinho dam.

VALE has also developed studies and projects to ensure geotechnical safety of the remaining structures at the Córrego do Feijão mine, in Brumadinho, and the removal and proper disposal of the tailings, especially alongside the Paraopeba river. In addition, Vale has set up an exclusive structure for treatment of the rescued animals, enabling emergency care and recovery.

The total amount of this provision may vary due to the early stage of the ongoing negotiations, timing and scope of the measures currently being discussed, which are subject to the approval and consent by the relevant authorities.

In addition, the VALE is under negotiations with the Government of the State of Minas Gerais (“GEMG”) and other relevant authorities for an additional agreement for collective damages indemnification and further compensation for the society and environment. The goal of Vale with a potential agreement would be to provide a stable legal framework for the execution of reparation and compensation, with the suspension of the existing civil lawsuits.

The potential agreement is still very uncertain as it is subject to conclusion of the ongoing negotiations and approval by the VALE, the Government of the State of Minas Gerais, Public Prosecutors and other Authorities and Intervient parties.

Therefore, the provisions recorded in these financial statements do not include the potential outcome of the current negotiation as it is not yet possible to reliably estimate an amount or whether the current negotiations will be successful.

The estimate of the economic impact of a potential agreement will depend on (i) final agreement on the list of reparation and compensation projects, (ii) a detailed assessment of the estimates of the amounts to be spent on the reparation and compensation projects being discussed, (iii) an analysis of the detailed scope of such projects to determine their overlap with the initiatives and amounts already provisioned; and (iv) the timing of the execution of projects and disbursements, which will impact the present value of the obligations.

Notes to the Financial Statements

(i) Public Defendants

On April 5, 2019, Vale and the Public Defendants of the State of Minas Gerais formalized an agreement under which those affected by the Brumadinho's Dam failure may join an individual or family group out-of Court settlement agreements for the indemnification of material, economic and moral damages. This agreement establishes the basis for a wide range of indemnification payments, which were defined according to the best practices and case law of Brazilian Courts.

(ii) Public Ministry of Labor

On July 15, 2019, Vale signed a final agreement with the Public Ministry of Labor to indemnify the direct and third-party employees of the Córrego do Feijão mine who were affected by the termination of this operation.

Under the terms of the final agreement, Vale will either maintain the jobs of its direct employees and third-party employees until January 25, 2023 or convert this benefit into a cash compensation. The agreement also includes indemnification payments to the relatives of the fatal victims of the event, which may vary depending on their relationship with the victims, and a lifelong medical insurance benefit to the widows and widowers and a similar benefit to the dependents of the victims until they are 25 years old.

In addition, the agreement set a collective moral damage indemnification payment in the amount of R\$400, which has been fully paid in 2019.

(iii) Brazilian Federal Government, State of Minas Gerais, Public Prosecutor

On February 20, 2019, VALE entered into a judicial preliminary agreement with the State of Minas Gerais, Federal Government, the Public Prosecutors of the State of Minas Gerais, the Federal Public Prosecutors and the Public Defenders of the State of Minas Gerais and representatives of Public Authorities in which the VALE commits to make, subject to registration, emergency indemnification payments to the residents of Brumadinho and the communities that are located downstream up to one kilometer from the Paraopeba river bed, from Brumadinho to the city of Pompéu. Due to this agreement, the VALE anticipated the indemnities through monthly payments, according to the age of the beneficiary and other factors, during a 12-month period.

On November 28, 2019, the extension of emergency indemnification payments was ratified to those affected by the dam rupture for 10 months, starting from January 25, 2020.

(iv) Environmental remediation and Compensation

On July 8, 2019, Vale has entered into an agreement with Companhia de Saneamento de Minas Gerais ("COPASA") to implement several actions to clean up the affected areas and to upgrade the retention water system alongside the Paraopeba River and some other water collection points nearby the affected area. In addition, the VALE mobilized the dredging of part of the material released, including cleaning and de-sanding of the Paraopeba river channel.

Notes to the Financial Statements

Incurred Expenses

The VALE has incurred in expenses, which do not qualify for provision and have been recognized straight to the income statement, in the amount of R\$2,903 for the year ended December 31, 2019. These expenses include communication services, accommodation and humanitarian assistance, equipment, legal services, water, food aid, taxes, among others.

Operating stoppages

The VALE has suspended some operations due to judicial decisions or technical analysis performed by the VALE on its upstream dam structures. The VALE recorded a loss of R\$2,997 related to the operational stoppage and idle capacity of the ferrous mineral segment as “Pre-operating and operational stoppage” for the year ended December 31, 2019. During 2019, certain operations have partially returned and the VALE is working on legal and technical measures to resume all operations at full capacity.

Assets write-off

Following the event and the decision to speed up the de-characterization of the upstream dams, the VALE recognized a loss of R\$904 as “Impairment and disposal of non-current assets” for the year ended December 31, 2019 in relation to the assets write-off of the Córrego do Feijão mine and those related to the other upstream dams in Brazil.

Contingencies and other legal matters

Vale is subject to significant contingencies due to the Brumadinho dam failure. Vale has already been named on several judicial and administrative proceedings brought by authorities and affected people and is currently under investigations. Vale is evaluating these contingencies and would recognize a provision based on the updates on the stage of these claims.

Following these contingencies, approximately R\$6,480 of the VALE's assets are restricted as at December 31, 2019, of which approximately R\$504 of VALE's bank accounts are restricted and R\$5,976 were converted into judicial deposits.

For the Brumadinho event, the VALE has additional guarantees in the amount of R\$5,626, which were presented in court and used to release the respective judicial deposit during the year ended December 31, 2019. The expenses related to these additional guarantees in the amount of R\$36 was recorded as financial expense in the VALE's income statement for the year ended December 31, 2019.

(i) Administrative Sanctions

The VALE was notified of the imposition of administrative fines by the Brazilian Institute of the Environment and Renewable Natural Resources (“IBAMA”), in the amount of R\$250, which the VALE expects to settle through environmental projects. Furthermore, the Secretary for Environment – SEMA Brumadinho imposed administrative fines, in the total amount of R\$181. Both amounts are also recorded as at December 31, 2019.

Notes to the Financial Statements

(ii) U.S. Securities class action suits

VALE and certain of its officers and former officers have been named defendants in civil putative class action suits, under U.S. federal securities laws, brought before federal courts in New York by holders of our securities. These complaints were consolidated through an amended complaint brought by the Lead Plaintiff on October 25, 2019 before the United States District Court for the Eastern District of New York. The Lead Plaintiff alleges that we made false and misleading statements or omitted to make disclosures concerning the risks of the operations of Dam I in the Córrego de Feijão mine and the adequacy of the related programs and procedures. The Lead Plaintiff has not specified an amount of alleged damages in these actions. On December 13, 2019, the Company made a motion to dismiss the amended complaint.

Vale intends to defend against this action and mount a full defense against these claims. Based on the assessment of the VALE's legal consultants and given its preliminary status, the expectation of loss of this proceeding is classified as possible.

However, given the preliminary status of the action, it is not possible at this time to determine a reliable estimate of the potential exposure.

Insurance

The VALE is negotiating with insurers under its operational risk and civil liability, but these negotiations are still at a preliminar stage. Any payment of insurance proceeds will depend on the coverage definitions under these policies and assessment of the amount of loss. Due to uncertainties, no indemnification to the VALE was recognized in Vale's financial statements.

VALE is a publicly held company and, accordingly, it files its information with the CVM. Therefore, more information, as of December 31, 2019 and December 31, 2018, is available on www.cvm.gov.br.

Notes to the Financial Statements**MANAGEMENT BODIES****Board of Directors****Chairman**

Fernando Jorge Buso Gomes

Vice-Chairman

Carlos Alberto Rodrigues Guilherme

Members

Denise Aguiar Alvarez

João Aguiar Alvarez

Milton Matsumoto

André Leal Faoro

Fiscal Council**Sitting members**

Ariovaldo Pereira

João Carlos de Oliveira

João Batista de Moraes

Aloísio Macário Ferreira de Souza

Domenica Eisenstein Noronha

Alternates

Clayton Neves Xavier

Vicente Carmo Santo

Marcelo da Silva Rego

Wilfredo João Vicente Gomes

Carlos Eduardo Oliveira Maia

Executive Board**Chief Executive Officer**

Fernando Jorge Buso Gomes

Officer

Johan Albino Ribeiro

Cid de Oliveira Guimarães

Accountant - CRC 1SP218369/O-0

Other information that the Company Considers Relevant

SHAREHOLDERS WITH OVER 5% OF THE SHARES OF EACH TYPE AND CLASS

SHAREHOLDING POSITION OF HOLDERS OF OVER 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY, TO THE LEVEL OF INDIVIDUALS						
Company: BRADESPAR S.A.						Position on December 31, 2019 (In [Units] Shares)
Shareholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Cidade de Deus - Cia. Cial de Participações	44.883.224	36,7379	301.410	0,1334	45.184.634	12,9828
NCF Participações S.A.	30.388.376	24,8735	2.235.627	0,9898	32.624.003	9,3738
Fundação Bradesco	18.179.304	14,8802	-	-	18.179.304	5,2234
BlackRock, Inc. (Funds)	-	-	11.614.474	5,1423	11.614.474	3,3372
Aberdeen (Funds)	-	-	11.605.128	5,1381	11.605.128	3,3345
Fundo de Investimento Geração Futuro LPAR	-	-	13.069.600	5,7865	13.069.600	3,7553
Treasury shares	-	-	-	-	0	0,0000
Other Shareholders	28.720.545	23,5084	187.036.357	82,8098	215.756.902	61,9930
Total	122.171.449	100,00	225.862.596	100,00	348.034.045	100,00

DISTRIBUTION OF THE SHARE CAPITAL OF THE LEGAL ENTITY (SHAREHOLDER OF THE COMPANY), TO THE LEVEL OF THE INDIVIDUAL						
Name: CIDADE DE DEUS CIA. COMERCIAL DE PARTICIPAÇÕES						Position on December 31, 2019 (In [Units] Shares)
Shareholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Nova Cidade de Deus Particip. S.A	3.755.570.512	47,8907	-	-	3.755.570.512	47,8907
Fundação Bradesco	2.776.765.252	35,4091	-	-	2.776.765.252	35,4091
Maria Ângela Aguiar	411.197.692	5,2436	-	-	411.197.692	5,2436
Others	898.426.068	11,4567	-	-	898.426.068	11,4567
Total	7.841.959.524	100,00	-	-	7.841.959.524	100,00

DISTRIBUTION OF THE SHARE CAPITAL OF THE LEGAL ENTITY (SHAREHOLDER OF THE COMPANY), TO THE LEVEL OF THE INDIVIDUAL						
Name: NOVA CIDADE DE DEUS PARTICIPAÇÕES S.A.						Position on December 31, 2019 (In [Units] Shares)
Shareholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Fundação Bradesco	163.332.621	46,3016	373.794.914	100,00	537.127.535	73,9282
BBD Participações S.A.	189.425.112	53,6984	-	-	189.425.112	26,0718
Total	352.757.733	100,00	373.794.914	100,00	726.552.647	100,00

DISTRIBUTION OF THE SHARE CAPITAL OF THE LEGAL ENTITY (SHAREHOLDER OF THE COMPANY), TO THE LEVEL OF THE INDIVIDUAL						
Name: NCF PARTICIPAÇÕES S.A.						Position on December 31, 2019 (In [Units] Shares)
Shareholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Fundação Bradesco	423.598.233	25,1288	1.502.370.308	100,00	1.925.968.541	60,4116
Cidade de Deus - Cia. Cial de Participações	1.259.587.222	74,7216	-	-	1.259.587.222	39,5093
Nova Cidade de Deus Particip. S.A.	2.521.897	0,1496	-	-	2.521.897	0,0791
Total	1.685.707.352	100,00	1.502.370.308	100,00	3.188.077.660	100,00

Other information that the Company Considers Relevant

DISTRIBUTION OF THE SHARE CAPITAL OF THE LEGAL ENTITY (SHAREHOLDER OF THE COMPANY), TO THE LEVEL OF THE INDIVIDUAL						
Name: BBD PARTICIPAÇÕES S.A.					Position on December 31, 2019 (In [Units] Shares)	
Shareholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
NCD Participações Ltda	-	-	74.784.306	49,3801	74.784.306	24,1960
Treasury	60.890.989	38,6289	25.545.584	16,8678	86.436.573	27,9660
Luiz Carlos Trabuco Cappi	9.098.453	5,7720	231.841	0,1531	9.330.294	3,0188
Carlos Alberto Rodrigues Guilherme	8.975.829	5,6942	210.457	0,1390	9.186.286	2,9722
Milton Matsumoto	8.927.056	5,6633	210.409	0,1389	9.137.465	2,9564
Others	69.738.450	44,2416	50.463.536	33,3211	120.201.986	38,8906
Total	157.630.777	100,00	151.446.133	100,00	309.076.910	100,00

POSITION OF CONTROLLING PARTIES, THE MANAGEMENT AND OUTSTANDING SHARES

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS AND MANAGEMENT AND OUTSTANDING SHARES						
Position on December 31, 2019						
Shareholder	Number of Common Shares (In Units)	%	Number of Preferred Shares (In Units)	%	Total Number of Shares (In Units)	%
Controlling Shareholder	95.125.912	77,8626	2.537.037	1,1233	97.662.949	28,0613
Management						
Board of Directors	465.120	0,3807	1.236.162	0,5473	1.701.282	0,4888
Executive Board	-	-	-	-	-	-
Fiscal Council	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Other Shareholders	26.580.417	21,7567	222.089.397	98,3294	248.669.814	71,4499
Total	122.171.449	100,00	225.862.596	100,00	348.034.045	100,00
Outstanding Shares	26.580.417	21,7567	222.089.397	98,3294	248.669.814	71,4499

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS AND MANAGEMENT AND OUTSTANDING SHARES						
Position on December 31, 2018 (LTM)						
Shareholder	Number of Common Shares (In Units)	%	Number of Preferred Shares (In Units)	%	Total Number of Shares (In Units)	%
Controlling Shareholder	95.125.912	77,8626	2.537.037	1,1233	97.662.949	28,0613
Management						
Board of Directors	565.120	0,4626	1.207.458	0,5346	1.772.578	0,5093
Executive Board	-	-	-	-	-	-
Fiscal Council	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Other Shareholders	26.480.417	21,6748	222.118.101	98,3421	248.598.518	71,4294
Total	122.171.449	100,00	225.862.596	100,00	348.034.045	100,00
Outstanding Shares	26.480.417	21,6748	222.118.101	98,3421	248.598.518	71,4294

Unqualified Independent Auditor's Report

Independent auditor's report

To the Board of Directors and Stockholders
Bradespar S.A.

Opinion

We have audited the accompanying parent company financial statements of Bradespar S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2019 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Bradespar S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2019 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and 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 referred to above present fairly, in all material respects, the financial position of Bradespar S.A. and of Bradespar S.A. and its subsidiaries as at December 31, 2019, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian 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 professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why it is a Key Audit Matter

Direct investment in Vale S.A. ("Vale")

As disclosed in notes 1 (b), 3 (h), 8 and 19, the Company holds equity investment in Vale, measured using the equity method, considering its significant influence.

The financial statements of Vale present critical accounting estimates related to operations that require a high level of judgment in order to measure and record events and determine accounting balances. These accounting estimates, which may significantly affect Vale's results and consequently the Company's results, involve the following main areas:

- Brumadinho's dam rupture:
On January 25, 2019, Dam I at the Córrego do Feijão mine, located in Brumadinho, Minas Gerais, Brazil failed. Vale incurred in expenses, as well as recorded related provisions. Such provisions involved critical judgments by Vale's management in determining the assumptions and bases used.
- Evaluation of the recoverable value of investments, fixed assets, intangible assets and goodwill based on future profitability:
As part of the assessment of recoverable values, Vale determines an estimate of future cash flows for each cash-generating unit - CGU, considering different factors and internal and external assumptions.
- Provision for tax contingencies:

The determination of the amount of the provision and contingent liabilities depends on critical judgments by Vale's management regarding the term, probability of loss and estimated settlement amounts.

Due to the uncertainties inherent to these estimates and the relevance they have in the calculation of Vale's results and the consequent calculation of the equity income and determination of the investment balance in the Company's individual and consolidated financial statements, the matters above were considered as areas focus on our audit.

How the matter was addressed in the audit

Our audit procedures included, among others, tests on the calculation of the equity of the investment in Vale.

Unqualified Independent Auditor's Report

In addition, the audit procedures in relation to critical accounting estimates included communication and instructions to the auditors of Vale in order to discuss the audit risks identified, the focus, scope and timing of the work. Thus, we analyzed the communications and reports received from Vale's auditors and discussed the procedures carried out and the results achieved.

Specifically in relation to critical accounting estimates, we considered:

- The work performed and the conclusions of the auditors, including their experts when applicable, regarding the assessment of the assumptions and methodology used by Vale's management; and
- Disclosures in Vale's individual and consolidated financial statements and corresponding disclosures in the Company's individual and consolidated financial statements.

We believe that the disclosures in the explanatory notes are consistent with the audit evidence obtained.

Why it is a Key Audit Matter

Tax and civil contingencies

As disclosed in notes 3 (i) and 10, the Company is party of tax and civil lawsuits arising from the normal course of its activities, with accounting impacts recognized according to the probability of loss.

The determination of the probability of loss, the measurement and disclosure of contingencies involves judgment by Management, which has the support of its internal and external legal advisors.

We consider this an area of audit focus, due to the relevance and level of judgment involved in determining the probability of loss and the measurement of each process

How the matter was addressed in the audit

Our procedures considered, among others, the support of our specialists in reading and the understanding the relevant lawsuits. In addition, we performed inspection of documents of the main developments of the processes.

We compared the accounting balances with the supporting analytical reports, as well as confirmed with the external legal advisors the data of the corresponding lawsuits, including their assessment of the probability of loss.

We believe that the criteria adopted by Management to determine the provision for tax and civil contingencies, as well as the disclosures made are reasonable.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Audit of prior-year information

The audit of the financial statements for the year ended December 31, 2018 was conducted by other independent auditors, who issued an unqualified audit report dated March 28, 2019, with an emphasis of matter paragraph related to a subsequent event resulting from the Brumadinho's dam failure, occurred in the investee, Vale, facilities on January 25, 2019.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated 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 the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as 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.

Unqualified Independent Auditor's Report

In preparing the parent company and consolidated 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 internal control of the Company and its subsidiaries.
- 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 ability of the Company 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 parent company and consolidated 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 parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with 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 determine those matters that were of most significance in the audit of the financial statements of the current period 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.

São Paulo, March 25, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Luís Carlos Matias Ramos
Contador CRC 1SP171564/O-1

Report of the Fiscal Council or Similar body

FISCAL COUNCIL REPORT

The members of the Fiscal Council of Bradespar S.A., under their legal and statutory assignments, examined the Management's Report on the Company's performance and the Parent Company and Consolidated Financial Statements for the fiscal year ended on December 31, 2019, and given the Review Report prepared by PriceWaterhouseCoopers Auditores Independentes on the aforementioned Financial Statements, presented without reservations, they issue the following opinion:

- 1) the above documents, examined according to the accounting practices adopted in Brazil and the current corporation law, were prepared and presented in compliance with the rules issued by the Brazilian Securities and Exchange Commission, duly reflecting the Company's equity and financial situation; and
- 2) these documents can be properly submitted to the assessment of the Company's shareholders at the next Annual Shareholders' Meeting.

São Paulo, SP, March 25, 2020

- Ariovaldo Pereira
- Domenica Eisenstein Noronha
- João Batista de Moraes
- João Carlos de Oliveira
- Wilfredo João Vicente Gomes

Officers` Statement on the Financial Statements

Declaration of the CEO and Investor Relations Officer

I, Fernando Jorge Buso Gomes, hereby declare that:

1. based on my knowledge, the planning presented by the auditors and subsequent discussions on the audit results, I agree with the conclusions provided for in the Report prepared by KPMG Auditores Independentes, there being no disagreement; and
2. I reviewed BRADESPAR's Financial Statements for the period ended December 31, 2019 and, based on subsequent discussions, I agree that said Statements reflect fairly all material respects and the Company's financial position for the period presented.

São Paulo, SP, March 25, 2020.

Fernando Jorge Buso Gomes
CEO and Investor Relations Officer

Declaration of the Executive Officer

I, Johan Albino Ribeiro, hereby declare that:

1. based on my knowledge, the planning presented by the auditors and subsequent discussions on the audit results, I agree with the conclusions provided for in the Report prepared by KPMG Auditores Independentes, there being no disagreement; and
2. I reviewed BRADESPAR's Financial Statements for the period ended December 31, 2019 and, based on subsequent discussions, I agree that said Statements reflect fairly all material respects and the Company's financial position for the period presented.

São Paulo, SP, March 25, 2020.

Johan Albino Ribeiro
Executive Officer