

Interim Financial Statements

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Three-month period ended March 31, 2022
with Independent Auditor's Report

BANCO DE DESENVOLVIMENTO DE MINAS GERAIS

MANAGEMENT REPORT 2022

1Q2022

MESSAGE FROM MANAGEMENT

The management of Banco de Desenvolvimento de Minas Gerais S.A. (BDMG), in compliance with the legal and regulatory requirements, presents the Interim Financial Statements for the 1st quarter of 2021.

In its 60th anniversary, BDMG remains steadfast in its commitment to the economic development of the State of Minas Gerais, acting as the State's financial agent by supporting investment projects of the public sector and of private companies of all sizes and business segments.

For 2022, BDMG's objectives include boosting its impact especially on the most socially vulnerable groups, such as micro and small companies and municipalities with lower HDI. The Bank does business in line with the Sustainable Development Goals (SDGs) and with the environmental, social and governance (ESG) aspects, in response to the growing dynamics of the world market, and has increasingly recognized the relevance of its credit programs in creating positive externalities for the society.

An example is the 2022 edition of the Public Notice *BDMG Municípios*, which emphasizes support to projects that causes impact, through five lines of financing aimed at improving urban infrastructure and public services. Extended to municipalities with less than five thousand inhabitants, this year's Notice offers reduced rates to municipalities with HDI equal to or below the state average index.

In line with its purpose, BDMG has made efforts to launch on a timely basis, under the state program *Recupera Minas*, emergency lines of credit with reduced rates intended exclusively to micro and small businesses and the administration of cities in state of emergency or calamity, which were affected by the heavy rains at the beginning of the year.

These and other actions contributed to a disbursement in 1Q2022 76% higher than the one for same period in 2021, which was the best result for the period in the past seven years and the second best result in the Bank's history. At the same time, BDMG preserved its financial strength by controlling risks and expenses.

In BDMG's vision, the support to job and income generation is fundamental, since companies still feel the negative effects of the pandemic. Accordingly, the amount of credit released by the Bank resulted in gains for the economy of Minas Gerais State, by generating R\$14.7 million in ICMS (State Value-Added Tax) and adding R\$392.7 million to the production in Minas Gerais, as well as by stimulating the creation of 5,877 job opportunities.

BDMG management appreciates the support of its shareholders, employees and of all those who contributed to the results achieved in the period. In particular, BDMG is thankful to the Minas Gerais State society, which is the reason for the Bank's efforts towards the sustainable development of the state.

OPERATING PERFORMANCE

In the first quarter, the amount of financing released to companies of all sizes and in all municipalities was R\$504.4 million, 76% higher than the amount for same period in 2021. The number of customers increased 17% compared to the first quarter of 2021: 1,276 vs. 1,087 customers. Total portfolio customers grew by 1%, from 29,110 customers to 29,483.

Table 01 – Operating Indicators – Comparison 1Q2022-1Q2021

Indicator	Unit of Measurement	1Q2022	1Q2021	Dif. (%)
Customers acquired	R\$ million	600.4	255.0	135%
Disbursement	R\$ million	504.4	286.3	76%
Customer portfolio balance	R\$ million	5,716	6,029	-5%
Customers served	Unit	1,276	1,087	17%
Active customers	Unit	29,483	29,110	1%

The total credit portfolio ended the period with a balance of R\$5,716 million, 5% lower than the balance for the same period in 2021.

Transactions with own funds accounted for 83% of the portfolio. For 16%, onlending funds were used, while 1% came from funds. It is noticeable that own funds have gained importance compared to the same period in 2021.

The Bank consolidated its presence in 93% of the municipalities in Minas Gerais, serving micro, small, medium and large companies of various economic segments in 795 municipalities of all regions in the state.

Micro and small businesses (MSBs) are the most relevant segment in number of customers served: 1,124, i.e. 88% of the total. In disbursements, it amounted to R\$108 million, 111% higher than in 2021.

The amounts released in 1Q2022 were for companies based in 299 municipalities, 76% of which had a Human Development Index (HDI) lower than the Brazilian average index¹.

As regards the regional distribution of disbursements, R\$304.8 million (62%) were allocated to the Southern macro-regions of Minas Gerais, Alto Paranaíba and Midwest regions of Minas Gerais, while other macro-regions totaled R\$189.5 million of total disbursements (38%). The table below shows the distribution of disbursements by macro-region:

¹ The Human Development Index (HDI) measures a nation's progress considering three dimensions: income, health and education. Between 2018 and 2019, Brazil's HDI grew from 0.762 to 0.765. However, it dropped five positions in the ranking, compared to the previous year, ranking 84th among 189 countries. Source: <https://www.br.undp.org/>

Table 02 – Disbursement by Macro-Region*

Macro-region	Disbursement (R\$ thousand)	%
Southern Minas Gerais	117.4	24%
Alto Paranaíba	104.0	21%
Midwest of Minas Gerais	83.4	17%
Triangulo Mineiro	54.5	11%
Central	54.3	11%
Northern Minas Gerais	28.7	6%
Zona da Mata	23.8	5%
Rio Doce	14.3	3%
Northwest of Minas Gerais	7.5	2%
Jequitinhonha	6.4	1%
Grand total	494.4	100.0%

*Excluding disbursements to projects located in other states and contributions to equity funds (FIPs)

Impact of Disbursements on the Economy

By applying the Input-Output Matrix², an econometric methodology that calculate the impacts of BDMG disbursements on the economy of Minas Gerais State, the estimated amount generated for the Minas Gerais' output was R\$392.7 million, with creation of 5,877 job opportunities and generation of R\$14.7 million in ICMS (State Value-Added Tax) in 1Q2022.

1st QUARTER HIGHLIGHTS

Agribusiness

BDMG has supported farmers of all sizes: 53% of the total disbursed by the Bank in the first quarter was allocated to this sector, totaling R\$267.9 million, representing an increase of 58% over the same period in 2021. Financing was granted through credit facilities that use funds from the issue of Agribusiness Credit Bills (LCA), from the Fund for the Defense of the Coffee Economy (Funcafé) and from the Brazilian Development Bank (BNDES).

The disbursement under LCA lines totaled R\$167.5 million, or 63% of the total allocated to agribusiness, an increase of 147% in relation to same period in 2021.

Through *Funcafé*, R\$60.3 million were disbursed to the coffee sector in 2022, a decrease of 35% in relation to the previous year. The amount made available for the 2021/2022 Crop Year is of R\$345 million, of which R\$337 million, or 98%, have already been disbursed.

² Amounts at March 2021 prices. Note: Production: sum of all final goods and services produced at the location in question. The production value may be higher than the state GDP, as it considers other intermediate complements and consumption present in the final value, in addition to the value added and indirect taxes. Value Added: in each economic activity it is the difference between the production value and the intermediate consumption absorbed by the activity. Its sum plus indirect taxes forms GDP. Compensation: compensation for the stimulated work (employment) required to increase production due to the exogenous shock resulting from the loan granted. Employment: stimulated work required by the additional production required. ICMS: key indirect tax charged by the state.

Agro Repasse

After the implementation of a pilot project in 2021 with the cooperative Cresol, BDMG effectively became a second-floor bank, operating with other credit cooperatives in transferring products intended to agricultural producers, with annual revenue of up to R\$16 million. The credit facility *Agro Repasse* consists of six lines of financing for working capital of individuals and legal entities, including the *BDMG Solar Fotovoltaico* (line of credit for photovoltaic projects). Currently, there are two partner cooperatives that total R\$33 million in funds and almost R\$5.2 million disbursed to the final beneficiaries. Six other cooperatives are in the process of opening credit limit.

Clean Energy

The amount disbursed for renewable energy and energy efficiency projects in 1Q22 was R\$20.6 million, financed through the 'BDMG Sustentabilidade BEI', 'BDMG Sustentabilidade Autoconsumo', 'BDMG Solar Fotovoltaico - BEI' lines, among other products. This represents a 263% increase in relation to the same prior-year period. Of the total amount disbursed, R\$35.5 million (47%) was applied in photovoltaic energy projects.

An annual production of 10.6 GWh/Year is estimated from the power generation potential of these projects, which is equivalent to the average annual consumption of 3,580 Brazilian households, as well as a reduction of 795 tons of CO² emissions per annum.

Public sector

Financing to Minas Gerais Municipalities

In 1Q2022, R\$22.8 million (-11%) were disbursed for projects in 75 municipalities in Minas Gerais (-36%), while, in the same prior-year period, R\$25.7 million had been disbursed to 117 municipalities. Of the disbursements made in 2022, R\$19.0 million was allocated to 68 City Administrations located in municipalities with HDI below the Brazilian average index.

Public Notice *BDMG Municípios 2022*

In March, BDMG launched the Public Notice *BDMG Municípios 2022*, offering R\$300 million under five lines of credit to support city administrations in making the necessary investments in the city infrastructure: Urbanization; Machinery; Sustainable Cities; Sanitation and Roads. The latter was added in the 2022 version and is intended for the construction and improvement of country roads and bridges. The Notice also provides for support to infrastructure projects related to tourism, culture and sports, and offers reduced rates for municipalities with HDI equal to or below the state average index.

The financing process is fully digital, from request to approval, contract execution and release of funds. The financing limit per municipality has increased and could reach R\$6 million for municipalities with a population of more than 100,000 inhabitants. The minimum amount for machinery and vehicles has been reduced to R\$100 thousand, enabling the acquisition of smaller equipment.

Consortium Cimvalpi

BDMG and the Intermunicipal Multisectoral Consortium of Vale Piranga (Cimvalpi) entered into an agreement that provides for the design of a solid waste management concession project. Under this agreement, BDMG will develop a waste management concession model for the 31 municipalities that are part of Cimvalpi. The Bank will have the partnership and support of consulting firms engaged by the UK Pact – UK Partnering for Accelerated Climate Transitions, a UK Government fund. To present the work perspectives and discuss the New Legal Framework for Basic Sanitation (Federal Law No. 14026/20), CIMVALPI organized the 1st Intermunicipal Seminar on Solid Waste.

Micro and Small Businesses (MSB)

BDMG Digital

With a view to expanding and streamlining access to credit by entrepreneurs at the head of MSBs, the Bank evaluates and grants financing through the BDMG Digital online platform. Disbursements for applications originated via BDMG Digital amounted to R\$74.6 million, a 56% increase over the same prior-year period. In number of customers, 1,132 were financed via the platform through 1,148 transactions, with 1.4% repurchases within the year. In comparison with the number of customers in 2021, there is a 25% increase. A possible explanation could be the inertia of the current pandemic period, which is very different from the comparison period, when the evolution of the Novel Coronavirus was not yet considered an accentuated risk to the market.

Banking Agents Network

Focused on improving access to credit for businesses in Minas Gerais, BDMG has made efforts to acquire new Banking Agents. During 1Q2022, 41 new agents were accredited, increasing the network and enhancing the services to MSBs.

Medium and Large-sized Enterprises

BDMG believes that innovative technologies and competitive industrial parks contribute to diversifying the state's economic matrix in a sustainable way, generating jobs and income. This scenario includes larger companies capable of interconnecting production chains that are relevant to the development of the state.

In 1Q2022, BDMG served 76 medium and large-sized companies, 54 of them medium-sized³. The amount of R\$101.9 million was disbursed for the medium-sized companies, while for large-sized companies, the amount disbursed totaled R\$268.7 million.

Emphasis on agribusiness, which represented 72% of the amount disbursed for this segment, equivalent to R\$267.6 million. In general, the main activities that received BDMG's support were wholesale of agricultural pesticides, fertilizers, and soil amendments; cultivation of temporary crops; wholesale of coffee beans.

³ Medium-sized companies are those with annual revenue between R\$4.8 million and R\$30 million. Companies with revenues above R\$300 million are considered large-sized enterprises.

The medium and large-sized companies that obtained financing in 2022 are located in 48 municipalities, and 54% of them have HDI below the Brazilian average index.

Economic Recovery After Disasters

BDMG Solidário

Micro and Small Businesses (MSB) play an important role in job creation and economic development. On the other hand, they are the most affected by the challenges coming from natural disasters, such as those caused by the recent rainfalls that affected several regions in the state.

Seeking to minimize the effects caused by the heavy rains in January 2022, an emergency credit program was made available by BDMG to support the resumption of activities that generate income and development for the population impacted by the rainfalls in the state. The program is part of an action plan announced by the Government of Minas Gerais, called *Recupera Minas*, and includes lines of financing with reduced rates and reasonable deadlines for city administrations (popular housing and related infrastructure) and small businesses of cities in state of emergency or calamity declared by the Civil Defense of Minas Gerais. During that period, more than R\$55 million was disbursed to more than 800 customers located in 144 municipalities in Minas Gerais.

BDMG Habitação Municípios

Under the *Recupera Minas* program, BDMG created a new exclusive line of credit for municipalities impacted by the heavy rains. *BDMG Habitação Municípios* allows city administrations that have declared state of emergency or calamity to build housing on their own land and donate them to families that have lost their homes.

This line's budget is R\$200 million, of which R\$182 million was contributed by the State Government. Adding all credit programs launched this year to mitigate the rainfall impact, BDMG is offering R\$366 million to the market. With risk control, use of guarantee funds and capital contributions, the Bank seeks to balance its role in promoting regional development and a sustainable financial management.

In February, the limit of *BDMG Habitação* emergency credit facility for the cities in Minas Gerais increased to R\$10 million, from the initial amount of R\$2 million. Consequently, cities that had declared state of emergency or calamity had the opportunity to expand popular housing projects for donation to the families who lost their homes due to the heavy rains. In addition, all related infrastructure (electricity, water, sanitation, paving, etc.) has also been financed by this credit facility.

Rio Doce Basin

In partnership with the Renova Foundation, the entity responsible for organizing efforts to repair the damage caused by the collapse of the Fundão dam, in the municipality of Mariana (MG), the lines of financing aim to foster the economic and social development of the municipalities along the Rio Doce Basin.

Fundo Desenvolve Rio Doce is a working capital financing product with the objective of fostering economic activity in the municipalities of the states of Minas Gerais and Espírito Santo affected by the Fundão dam rupture. In 1Q22, 54 companies in Minas Gerais were served and R\$2.8 million was disbursed in financing.

The Collection and Treatment of Sewage and Disposal of Solid Waste program provides financial resources to cities for the preparation of basic sanitation plans, the design of sewage system projects, the implementation of sewage collection and treatment works, the elimination of dumps and implementation of regional landfills. Total disbursement in 2022 was of R\$2.6 million, for 11 customers. Initiatives such as these are in line with SDG 11 (Sustainable Cities and Communities) and SDG 13 (Action against Global Climate Change). A total of R\$31.1 million has been disbursed to 30 municipalities since the program's start.

Innovation

Through loans and in partnership with Fapemig, Finep and BNDES, BDMG finances innovative projects developed by companies in the Minas Gerais state. In 2022, contracts totaled R\$4.7 million and R\$4.8 million was disbursed to innovation projects, in line with SDG 9 (Industry, Innovation and Infrastructure).

Partnership Seed MG

In partnership with the Minas Gerais State Department of Economic Development (SEDE), BDMG participates in the Government's acceleration program called *Seed MG*. During the startup selection process, the Bank proposed two challenges for developing the solution: "Innovation - how to optimize time and processes in granting credit to startups and/or companies that are being implemented and have innovative projects?" and "Product - how to improve automation of criteria for credit and risk analysis, and monitoring of projects of agricultural producers?". Two startups have been selected and are currently in the final phase of prototyping, validating and testing the platform developed by them.

Investments in FIP

In addition to stimulating innovation through financing, BDMG also works with investment instruments to support innovative companies with high growth potential. In 1Q22, R\$3 million was paid up in this portfolio, consisting of nine Equity Funds (FIPs) and a Venture Debt Fund. Together, these funds have already invested R\$104.7 million in 40 Minas Gerais companies.

BDMG holds equity interest in two companies, with 6.5% of the shares of Unitec Semicondutores S.A., a semiconductor manufacturer under implementation in Ribeirão das Neves, Minas Gerais State, of which it has been a shareholder since 2012, and 5.5% of Biomm S.A., a biopharmaceutical company located in Nova Lima, Minas Gerais State, of which it has been a shareholder since 2013. It should be noted that BDMG has recognized a provision for 100% of its investment in Unitec.

FUNDING

In order to implement its strategic objectives, which includes countercyclical actions to resume the state's sustainable development, BDMG made efforts to continue local and international partnerships in this first quarter of 2022, in order to achieve the balanced diversification of fundings.

As a result of its ongoing efforts, translated into the negotiation of two addenda (in 2020 and 2021) to the agreement entered into in 2019 with the European Investment Bank (EIB), BDMG nationalized, in March 2022, the 5th tranche of funds, which allowed channeling 22 million euros to expand credit offer, as well as providing emergency support to companies and municipalities in Minas Gerais.

On the other hand, it should be noted that, in 1Q2022, BDMG raised approximately R\$114 million in the domestic market by issuing Agribusiness Credit Bills (LCA) and Bank Deposit Certificates (CBD).

SAIN-ABDE Award

BDMG was the runner-up in the SAIN-ABDE Award for Best Practices in International Funding during the 7th Development Forum. The award was for the International Funding Project with the Development Bank of Latin America (CAF), which opened a line of credit of US\$100 million for financing the operations of micro, small and medium-sized enterprises impacted by the Covid-19 pandemic, and for supporting the recovery of economic activities in Minas Gerais State.

INSTITUTIONAL POSITIONING

Global Compact

After completing one year as a signatory of the UN Global Compact, in early March, BDMG renewed its commitment to support the ten principles of the Compact, which cover human rights, work, the environment and the fight against corruption.

The letter in which the Bank reaffirms its commitment is an integral part of the Communication on Progress (CoP). It describes BDMG's actions aimed at continuously improving the integration of the Compact's principles with the Bank's business strategy, culture and daily operations. The CoP is available at:

<https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/464593>

BDMG AS A KNOWLEDGE PLATFORM

In January, BDMG was selected to participate in the project "Integrating SDGs as a methodology for measuring the effectiveness of Brazilian DFIs" in partnership with the German Agency for International Cooperation (GIZ), within the scope of the FiBraS project, and with CAF. The Bank is one of the seven member institutions of the Brazilian Development Association (ABDE) that will participate in the 12-month project, whose purpose is to apply sustainability criteria to monitoring and assessing the institutions in the project.

Another initiative aimed at improving the measurement of BDMG's sustainable impact was the workshop "Measuring the carbon footprint financed by BDMG" held by Carbon Trust, which discussed topics such as the importance and manners of measuring emissions from projects financed by the Bank. During the event, Carbon Trust also disclosed BDMG's portfolio results.

March 30th was the date of the closing ceremony of the UK-Brazil Green Finance Programme (BGFP), a program under the UK Pact aimed at boosting investments in sustainable infrastructure projects in Brazil. The technical cooperation between BDMG and BGFP began in June 2021.

INTEGRATED RISK MANAGEMENT

The Bank manages and monitors credit, market, liquidity, operational and social and environmental risks, with a view to mitigating these risks and optimizing operating effectiveness and results. Thus, the adopted risk management practices are commensurate with the nature and specific characteristics of the operations performed by the Bank, maintaining the regulatory agency's control standards, with a capital adequacy ratio higher than the minimum requirement adopted in Brazil. The structure responsible for risk management is composed of the Board of Directors, Executive Board, Risk and Capital Committee, Chief Risk Officer (CRO), and the unit responsible for risk management.

Credit risk considers the possibility of losses associated with the borrowers' failure to meet their financial obligations under the agreed terms, devaluation or reduction of expected earnings from a financial instrument, recovery costs, and concentration risk. Despite the continuing pandemic, the default levels are compatible with those of the financial market.

Market risk is represented by losses arising from fluctuation in the market prices of positions held by the institution, due to mismatches in its asset and liability transactions, such as amounts, terms, currencies and indexes. In this quarter, the team received training on adjustment of calculations of the interest rate risk in the banking book (IRRBB).

Liquidity risk refers to the possibility that the institution will not be able to efficiently meet its obligations, whether expected or unexpected, current or future, including those arising from guarantees given, without affecting its daily operations and without incurring significant losses. It also refers to the possibility of the institution not being able to negotiate a position at market price due to the high volume, in relation to that normally traded, or due to some market discontinuity. In this quarter, the levels of short and medium-term reserves were reassessed, in order to maintain adequate liquidity, considering inflows and outflows, as well as possible contingencies out of cash flows, with timely monitoring of indicators.

The social and environmental risk refers to the possibility of losses arising from social and environmental damage. The Bank's Social and Environmental Policy establishes principles and guidelines for management of social and environmental risks and criteria for analyses and monitoring of operations. In this quarter, BDMG concluded two technical cooperation agreements with different partners for the assessment of climate risks of the portfolio and of new operations. The results are under assessment for later implementation.

Operational risk is defined as the possibility of incurring losses resulting from failure, deficiency or inadequacy of internal processes, people and systems, or from external events. It determines the exposure to operational risks that could adversely impact the Institution's internal processes, compliance, financial performance, and image, should they occur. In this quarter, the Operating Incident Communication Channel was implemented with the purpose of contributing to the proper operation of the internal control system and, consequently, to the achievement of BDMG's goals. The creation of this Channel complies with the Brazilian Monetary Council (CMN) Resolution No. 4968/2021.

Risk Appetite Statement (RAS)

The Risk Appetite Statement was established and approved by the Board of Directors based on the Risk Appetite Policy with the objective of attesting to the types and amounts of risks that management is willing to accept, thus defining its desired profile in the pursuit of strategic objectives, in line with the interests of the state of Minas Gerais and guaranteeing the Institution's economic and financial strength. BDMG's Risk Appetite Statement is aligned with its purpose and strategic drivers.

INTERNAL CONTROLS

The Bank has launched an Operating Incident Communication Channel to receive reports on process failures, operational issues, relevant risks, records of non-compliance with conduct standards, with internal or external policies, or even external events that could cause losses to the Bank. The channel must be accessed through the Internal Control Portal on the intranet. Freely accessible by all employees, interns and outsourced personnel, the information can be shared with the manager responsible for the process, in order to correct any failures, and also with the senior management and auditors. The tool was launched on March 31, 2022 and no incidents were registered in the period. The creation of this Channel complies with the Brazilian Monetary Council (CMN) Resolution No. 4968/2021.

COVID-19 PREVENTIVE MEASURES

In March, BDMG began the gradual return of employees to its offices, with the majority of employees in the hybrid work system. The Preventive Medicine team and the COVID-19 Committee have prepared and launched the COVID-19 Prevention Guide. The guide's objective is to offer guidance on prevention, mitigation of transmission risks, and monitoring of health conditions to BDMG's employees.

SOCIAL RESPONSIBILITY

BDMG Cultural

In 2022, BDMG Cultural continued with the series of actions to promote, recognize and disseminate different artistic languages, contributing to boost cultural productions in Minas Gerais. In 1Q2022, the main initiatives of BDMG Cultural involved music, such as the launch of the Public Notice of the 21st BDMG Instrumental Award, the Marco Antônio Araújo Award and the Flávio Henrique Award, for an independent album containing authorial Brazilian songs of singers from Minas Gerais or residing in Minas Gerais.

For visual arts, the institution promoted the BDMG Cultural Exhibition Cycle (physical and virtual exhibitions) at the art gallery of BDMG Cultural.

It further promoted the 7th BDMG Cultural / FCS Award for Low Budget Short Films – the hybrid exhibition (on-premise and virtual) “Cinema e (RE)Inventions” with award-winning films, debates and courses.

During the first quarter of the year, the institution supported the launch of three books and of the public notice LAB cultural, which encourages artistic research.

INSTITUTO DE CIDADANIA DOS EMPREGADOS DO BDMG (INDEC)

INDEC, the BDMG Employee Citizenship Institute, has selected new projects for 2022, in order to continue supporting vulnerable populations in the state. For sports, INDEC selected the projects “*Transformação Futebol Clube e Educação*” and “*Projeto Esporte do Bem, Jovens do Bem*”, located in Belo Horizonte. The project “Projeto Estúdio no Morro” will offer audiovisual training for 60 young people in Nova Granada district, also in the capital city of Minas Gerais.

In addition to these new projects, the Institute continued to transfer funds to the nursery school Creche Comunitária Dirce Maria das Dores, in Rio Manso, whose activities focus on kindergarten children. INDEC also continued to support the project “Projeto Sementes do Amanhã”, carried out by ACOMBAJAR, the Association of Residents of Jardim das Rosas Community, in Ibirité, Minas Gerais State; and the project “Projeto Música para a Vida” of Escola Nave, in Contagem, Minas Gerais State.

FINANCIAL RESULTS

BDMG recorded net income of R\$30 million and equity of R\$2,217 million in 1Q22.

At March 31, 2022, the Bank’s portfolio had securities held to maturity amounting to R\$248 million, for which management, in compliance with Circular Letter No. 3068/2001 issued by the Central Bank of Brazil (BACEN), states that it has the financial ability to hold them to maturity.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Financial statements

March 31, 2022

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A free translation from Portuguese into English of independent auditor's review report on interim financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's review report on interim financial statements

The Board of Directors, Shareholders and Officers

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Belo Horizonte - MG

Introduction

We have reviewed the interim financial statements of Banco de Desenvolvimento de Minas Gerais S.A. - BDMG (the "Bank") for the three-month period ended March 31, 2022, comprising the statement of financial position as at March 31, 2022 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of these interim financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review on interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements referred to above do not present fairly, in all material respects, the financial position of Banco de Desenvolvimento de Minas Gerais S.A. – BDMG as at March 31, 2022, and its financial performance and cash flows for the three-month period then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Belo Horizonte, May 10, 2022

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

A handwritten signature in blue ink, appearing to read 'Rogério', is written over the printed name of the accountant.

Rogério Xavier Magalhães
Accountant CRC-1MG080613/O-1

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of financial position
March 31, 2022 and December 31, 2021
(In thousands of reais)

	Note	03/31/2022	12/31/2021
Assets			
Current assets		3,777,664	3,778,303
Cash and cash equivalents	5	12,792	15,249
Financial instruments		3,760,721	3,759,628
Interbank investments	5.1	1,501,270	1,487,445
Marketable securities	6.1	134,709	182,236
Derivative financial instruments	6.2	-	1,473
Interbank accounts		660	367
Loans and similar credit transactions	6.3	2,392,094	2,186,994
Other financial assets	6.4	52,632	19,952
Allowance for expected credit losses		(320,644)	(118,839)
Marketable securities	6.1	(63)	(15)
Loans and similar credit transactions	6.3	(320,581)	(118,824)
Other assets	8	4,151	3,426
Noncurrent assets		4,573,122	4,634,543
Long-term receivables		4,537,909	4,598,735
Financial instruments		3,860,131	3,912,924
Interbank investments	5.1	80,931	1,834
Marketable securities	6.1	626,555	550,003
Derivative financial instruments	6.2	33,175	85,145
Interbank accounts		4,595	2,021
Loans and similar credit transactions	6.3	3,323,674	3,640,906
Other financial assets	6.4	163,683	203,917
Allowance for expected credit losses		(372,482)	(570,902)
Marketable securities	6.1	(114,481)	(112,508)
Loans and similar credit transactions	6.3	(258,001)	(458,394)
Other assets	8	50,978	51,756
Deferred tax assets	14.b	626,800	634,055
Property and equipment in use	7.a	15,860	16,075
Properties and other fixed assets		58,329	58,291
(Accumulated depreciation)		(42,469)	(42,216)
Intangible assets	7.b	19,353	19,733
Intangible assets		48,143	46,613
(Accumulated amortization)		(28,790)	(26,880)
Total assets		8,350,786	8,412,846

	Note	03/31/2022	12/31/2021
Liabilities and equity			
Current liabilities		2,122,435	2,387,423
Financial liabilities		2,006,675	2,136,805
Deposits	9.1	579,475	594,727
Funds from acceptance and issue of securities	9.1	254,466	223,909
Borrowings and onlending	9.2	1,166,867	1,318,169
Domestic onlending	9.2.b	934,775	1,054,606
Foreign borrowings	9.2.a	232,092	263,563
Derivative financial instruments	6.2	5,867	-
Provisions	10	23,214	23,052
Obligations with defined post-employment benefits	10.a	22,285	22,293
Other contingencies	10.c	929	759
Other liabilities	11	92,546	227,566
Noncurrent liabilities		4,011,570	3,944,754
Long-term liabilities		4,011,570	3,944,754
Financial liabilities		3,277,525	3,219,077
Deposits	9.1	194,665	175,429
Funds from acceptance and issue of securities	9.1	272,400	255,618
Borrowings and onlending	9.2	2,558,293	2,771,667
Domestic onlending	9.2.b	1,186,736	1,275,419
Foreign borrowings	9.2.a	1,371,557	1,496,248
Derivative financial instruments	6.2	252,167	16,363
Provisions	10	601,049	593,373
Obligations with defined post-employment benefits	10.a	366,484	360,475
Tax, labor and civil contingencies	10.b	227,448	226,039
Other contingencies	10.c	7,117	6,859
Other liabilities	11	107,885	105,310
Deferred tax obligations	14.c	25,111	26,994
Equity	12	2,216,781	2,080,669
Capital	12.a	2,218,407	2,111,184
Other comprehensive income	12.b	(129,596)	(128,604)
Income reserves	12.c	98,089	98,089
Retained earnings (accumulated losses)	12.c	29,881	-
Total liabilities and equity		8,350,786	8,412,846

See accompanying notes.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of profit or loss
 Quarters ended March 31, 2022 and 2021
 (In thousands of reais, unless otherwise stated)

	Note	03/31/2022	03/31/2021
Trading revenues		501,672	347,956
Loans	13.a	184,710	259,929
Gains on marketable securities	13.b (i)	56,144	15,153
Gains on exchange transactions	13.b (i)	260,818	72,874
Trading expenses		(372,811)	(142,627)
Loans and onlending	13.c (ii)	(342,506)	(130,439)
Market funding transactions	13.c (ii)	(30,305)	(12,188)
Gains (losses) on allowance for loan losses	7.3.e	(12,076)	(108,794)
Allowance for loan losses		(12,080)	(108,677)
Set-up/reversal of allowance for losses on transactions similar to loans		4	(117)
Gross profit from trading transactions		116,785	96,535
Other operating income/expenses		(47,058)	(36,094)
Service revenues		8,664	7,462
Other operating income	13.c (iv)	2,491	2,480
Personnel expenses	13.c (iii)	(28,448)	(26,422)
Other administrative expenses	13.c (ii)	(10,520)	(8,888)
Tax expenses	13.b (i)	(6,963)	(5,579)
Other operating expenses	13.c (v)	(7,300)	(5,147)
Expenses with provisions	13.c (vi)	(13,494)	(10,360)
Tax, labor and civil		(1,760)	(407)
Actuarial		(11,145)	(9,683)
Other		(589)	(270)
Operating income (expenses)		56,233	50,081
Nonoperating income (expenses)		87	623
Income before income taxes and profit sharing		56,320	50,704
Income and social contribution taxes	14.a	(24,019)	(21,049)
Provision for income tax		(9,680)	(6,768)
Provision for social contribution tax		(7,796)	(5,568)
Deferred tax assets		(6,543)	(8,713)
Statutory profit sharing		(2,420)	(3,972)
Net income for the quarter		29,881	25,683
Basic earnings per share		0.000405	0.000361

See accompanying notes.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of comprehensive income
Quarters ended March 31, 2022 and 2021
(In thousands of reais, unless otherwise stated)

	<u>03/31/2022</u>	<u>03/31/2021</u>
Net income for the period	<u>29,881</u>	<u>25,683</u>
Items to be subsequently reclassified to profit or loss	<u>(992)</u>	<u>134</u>
Financial assets available for sale	<u>(2,395)</u>	<u>(159)</u>
Tax effect on losses on financial assets	<u>1,189</u>	<u>79</u>
Losses transferred to profit or loss	<u>369</u>	<u>369</u>
Tax effects	<u>(155)</u>	<u>(155)</u>
Other comprehensive income	<u>(992)</u>	<u>134</u>
Comprehensive income for the period	<u>28,889</u>	<u>25,817</u>
Basic earnings per share – R\$	<u>0.000392</u>	<u>0.000363</u>

See accompanying notes.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of changes in equity

Quarters ended March 31, 2022 and 2021

(In thousands of reais, except for interest on equity per share)

	Income reserves			Other comprehensive income		Retained earnings	Total
	Capital	Legal	Other	Equity adjustments	Other equity adjustments		
Balance at December 31, 2020	2,111,184	-	-	10,409	(169,224)	(15,088)	1,937,281
Other comprehensive income	-	-	-	134	-	-	134
Equity adjustments	-	-	-	210	-	-	210
Tax effect on other comprehensive income	-	-	-	(76)	-	-	(76)
Net income for the period	-	-	-	-	-	25,683	25,683
Balance at March 31, 2021	2,111,184	-	-	10,543	(169,224)	10,595	1,963,098
Balance at December 31, 2021	2,111,184	10,805	87,284	5,306	(133,910)	-	2,080,669
Capital increase	107,223	-	-	-	-	-	107,223
Other comprehensive income	-	-	-	(992)	-	-	(992)
Equity adjustments	-	-	-	(2,026)	-	-	(2,026)
Tax effect on other comprehensive income	-	-	-	1,034	-	-	1,034
Net income for the period	-	-	-	-	-	29,881	29,881
Balance at March 31, 2022	2,218,407	10,805	87,284	4,314	(133,910)	29,881	2,216,781

See accompanying notes.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of cash flows

Quarters ended March 31, 2022 and 2021

(In thousands of reais)

	03/31/2022	03/31/2021
Cash flows from operating activities		
Income before taxes and profit sharing	56,320	50,704
Adjustments:		
Depreciation and amortization	2,163	2,288
Recognition of provisions and liabilities, net	12,387	10,802
Recognition of allowance for loan losses	12,076	108,794
Recognition of provision for losses	1,923	347
Allocation of deferred revenue	(4,384)	(4,269)
Exchange gains (losses), net	(260,295)	75,219
Recovery of loans written off as loss	(9,061)	(112,784)
Gains from monetary restatement of noncurrent loans	(18,232)	(21,345)
Market value adjustment of derivative instruments and hedged items	304,738	(76,611)
Loss on financial assets available for sale	69,337	(5,863)
Loss on financial assets held to maturity	(7,351)	(2,646)
Income from court decisions	(483)	-
Adjusted net income	159,138	24,636
Changes in working capital	(182,871)	5,186
Interbank investments	(142,034)	11,667
Interbank accounts	(2,895)	-
Derivative financial instruments	(15,773)	10,997
Loans	117,139	151,683
Other receivables	11,075	4,061
Other assets	54	19,799
Deposits	3,985	6,526
Financial bills	47,339	43,765
Foreign borrowings	127,364	92,678
Onlending obligations	(208,514)	(248,768)
Other liabilities	(103,089)	(82,089)
Provisions	(5,127)	(8,330)
Deferred income	(12,395)	3,197
Cash flows from (used in) operating activities	(23,733)	29,822
Income and social contribution taxes paid	(33,288)	(5,405)
Net cash flows from (used in) operating activities	(57,021)	24,417
Cash flows from investing activities		
Acquisition of permanent assets	(1,568)	(2,467)
Acquisition of financial assets available for sale	(139,989)	(1,648)
Receipt of financial assets available for sale	55,600	6,130
Acquisition of financial assets held to maturity	(64,064)	(8)
Receipt of financial assets held to maturity	55,414	20,340
Net cash flows from (used in) investing activities	(94,607)	22,347
Increase (decrease) in cash and cash equivalents, net	(44,405)	46,764
Cash and cash equivalents at beginning of quarter	1,502,693	1,556,641
Exchange gains (losses) on cash	(7,164)	72,873
Cash and cash equivalents at end of quarter	1,451,124	1,676,278

See accompanying notes.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

1. Operating Context

Banco de Desenvolvimento de Minas Gerais S.A. (“BDMG” or the “Bank”) is a privately-held corporation run by the state of Minas Gerais, which holds 91.32% of its capital, having been established based on article 13 of the Transitory Provisions Act of the State Constitution, enacted on September 21st, 1989, and according to Law No. 10092/1989.

BDMG’s economic activity is conducted in accordance with article 173 of the Brazilian Constitution, and also with the provisions of Law No. 13303/2016 and State Decree No. 47154, which regulates it.

Pursuant to current laws and regulations, BDMG’s business purpose includes the following:

- Carrying out activities of development banks by granting financing that enables promotion of the economic and social development of Minas Gerais;
- Acting as a financial agent for state funds, managing the resources necessary to finance programs and projects favorable to the development of Minas Gerais;
- Acting as a financial agent and/or manager of other funds that finance projects in the state of Minas Gerais and, therefore, promote its development;
- Providing advisory and technical assistance services to the direct and indirect Administration of the state and municipalities and to private companies.

The Bank is headquartered at Rua da Bahia, 1.600, CEP 30160-907, Belo Horizonte, Minas Gerais, and does not have branches.

2. Presentation of the individual interim financial statements

The individual interim financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which include the accounting guidelines contained in Law No. 6404/1976 and the changes introduced by Laws No. 11638/2007 and No. 11941/2009, together with the rules of the National Monetary Council (CMN) and of the Central Bank of Brazil (BACEN), and disclose all the applicable significant information related to the individual interim financial statements, which is consistent with the information used by management in the performance of its duties.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

2. Presentation of the individual interim financial statements (Continued)

In compliance with these rules, the statement of financial position accounts are stated by order of liquidity and maturity, and the balances are presented in comparison with the balances of the immediately preceding year.

The following accounting pronouncements related to the process of convergence with the international accounting standards, issued by the Brazilian Financial Accounting Standards Board (CPC), adopted by CMN/Bacen, are considered in the preparation of these interim financial statements, as applicable:

- CPC 00 (R2) – Conceptual Framework for Financial Reporting – CMN Resolution No. 4924/2021
- CPC 01 (R1) - Impairment of Assets - CMN Resolution No. 4924/2021
- CPC 02 (R2) - Effect of Changes in Exchange Rates and Translation of Financial Statements - CMN Resolution No. 4524/2016
- CPC 03 (R2) - Statement of Cash Flows - CMN Resolution No. 4818/2020
- CPC 04 (R1) – Intangible Assets – CMN Resolution No. 4534/16
- CPC 05 (R1) - Related Party Disclosures - CMN Resolution No. 4818/2020
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors - CMN Resolution No. 4924/2021
- CPC 24 – Events after the Reporting Period - CMN Resolution No. 4818/2020
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - CMN Resolution No. 3823/2012
- CPC 27 - Property, Plant and Equipment - CMN Resolution No. 4535/2016
- CPC 33 (R1) - Employee Benefits - CMN Resolution No. 4877/2020
- CPC 41 - Earnings per Share - CMN Resolution No. 4818/2020
- CPC 46 - Fair Value Measurement - CMN Resolution No. 4748/2020
- CPC 47 – Revenue from Contracts with Customers – CMN Resolution No. 4924/2021

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

2. Presentation of the individual interim financial statements (Continued)

Management represents that these interim financial statements, which show all the relevant information used in managing the Bank, are based on the accounting practices applied in accordance with current standards, evidence that the Bank has the ability to continue as a going concern and that its resources are sufficient for the future continuity of its business.

In addition, management is not aware of any uncertainty that could raise doubts as to the Bank's ability to continue as a going concern in the foreseeable future.

The Bank adopts information security practices to guarantee the confidentiality, integrity, availability, and authenticity of the information necessary for maintenance of its business. The Bank has an accounting technology structure that uses a number of operating systems that are integrated to the accounting system, and any non-computerized information is entered manually. The main operating systems, which control credit transactions, financial management and assets, account for the largest number of entries and were developed internally. Operating systems contracted from third parties that are necessary for the execution and control of complementary activities are also used.

On May 10, 2022, the Bank's Executive Board authorized the issue of these interim financial statements.

3. Summary of significant accounting practices

3.1. Functional and presentation currency

a) Functional and presentation currency

The Brazilian real (R\$) is the Bank's functional and presentation currency. The interim financial statements are expressed in thousands of reais.

b) Foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates, restated at the end of every month.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.1. Functional and presentation currency (Continued)

b) Foreign currency (Continued)

Exchange gains and losses arising from the settlement of these transactions and translation at the exchange rate at the period end, referring to monetary assets and liabilities denominated in foreign currency, are recognized in the statement of profit or loss for the period.

For the translation of asset and liability balances of transactions in foreign currencies into the domestic currency (R\$), at March 31st, 2022, the following exchange rates were used: US\$ 1.00 = R\$4.7378 (12/31/2021: US\$ 1.00 = R\$ 5.1967); and € 1.00 = R\$5.2561 (12/31/2021: € 1.00 = R\$ 6.3779)

3.2. Recognition of profit or loss

Profit or loss for the year is determined on an accrual basis and adjusted by the attributable income and social contribution tax installments on taxable profit and, where applicable, by deferred income and social contribution taxes that will be recoverable or payable in the future, except in relation to gains on renegotiated loans, which are allocated to profit or loss on a cash basis, as established by CMN Resolution No. 2682/1999.

3.3. Statements of comprehensive income

Comprehensive income comprises the amount determined as net income for the period plus changes in assets and liabilities matched against equity, which may or may not affect future income.

3.4. Statement of cash flows

The statement of cash flows uses the indirect method, which adjusts profit or loss for the following effects:

- Non-cash transactions;
- Deferrals or accruals of past or future operating receipts or payments; and
- Income or expense items associated with cash flows from investing or financing activities.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.4. Statement of cash flows (Continued)

For the purposes of this statement, cash and cash equivalents refer to the balances of cash available and interbank investments readily convertible into cash or with original maturity within three months from the investment date.

3.5. Current and noncurrent assets

Classification into current and noncurrent follows the distribution of assets according to liquidity, except for marketable securities classified as held for trading, which are presented as current assets regardless of their maturity dates, and tax credits that are stated in noncurrent assets based on management's best estimate of expected realization.

3.6. Measurement of assets and liabilities

Financial assets and liabilities are stated at amortized cost due to the application of the accrual method of accounting for recognition of the related interest income and expenses.

Contingent liabilities and legal obligations whose disbursement date is uncertain are measured at present value, since they are initially recognized at the estimated loss amount and are updated on a monthly basis.

3.7. Cash and cash equivalents

Cash and cash equivalents refer to the balances of cash and interbank investments readily convertible into cash or with original maturity within three months from the investment date (Note 5).

3.8. Interbank investments

Repurchase agreements, carried out under a free movement agreement, are adjusted to market value. Other assets are stated at acquisition cost, plus earnings accrued up to the reporting date, net of provision for impairment, where applicable (Note 5.1).

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.9. Marketable securities

In accordance with BACEN Circular Letter No. 3068/2001 and supplementary regulations, marketable securities are classified into the following categories, according to management's intentions, taking into consideration the accounting criteria established by the Circular Letter (Note 6.1):

- (a) Trading securities: securities purchased in order to be frequently and actively traded. They are recorded at market value, and the realized and unrealized gains and losses are recorded directly in the statement of profit or loss for the period.
- (b) Securities available for sale: include marketable securities used as part of the cash flow management strategy. These securities are recorded at market value, with accrued income (yield curve) recognized in the statement of profit or loss for the period, and gains and losses arising from market value variations, not yet been realized, are recorded as Equity adjustments under Equity, net of the related tax effects. Gains and losses, when realized, are recorded in the statement of profit or loss for the period after being specifically identified on the trading date, matched against equity, net of the related tax effects. This category also includes investment fund shares that, because they are not traded in an active market, are recorded at acquisition cost (Note 6.1(b)).
- (c) Securities held to maturity: include securities for which management has the intention and financial ability to hold to maturity, recorded at cost of acquisition, plus accrued earnings, recognized in the statement of profit or loss for the period. Financial ability is defined based on cash flow projections, not considering the possibility of early redemption of these securities (Note 6.1(c)).

Management establishes guidelines for the classification of marketable securities within the categories defined in BACEN Circular Letter No. 3068/2001. The classifications of the securities in the portfolio, as well as of those acquired during the period, are assessed according to these guidelines. As established in the Circular Letter, the marketable security classification reassessment can only be made at the statement of financial position date, and the transfer from the category "Held to maturity" to the other categories can only occur for an isolated, unusual, nonrecurring and unexpected reason happening after the classification date (Note 6.1).

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.9. Marketable securities (Continued)

Income from marketable securities, irrespective of the category into which they are classified, are prorated on a daily basis by reference to the agreed index and interest rate through to the maturity date or final sale of the security, and recorded directly in P&L for the period.

Losses on securities classified as available for sale and held to maturity that are not temporary losses are recognized directly in P&L for the period and become a component of the new cost of the asset.

3.10. Derivative financial instruments

In accordance with BACEN Circular Letter No. 3082/2002 and subsequent regulations, derivative financial instruments are classified based on management's intention to use them for hedging purposes or not.

The derivative financial instrument used by BDMG is swap for the purpose of mitigating, in full or in part, the risks arising from fluctuations in foreign currencies and interest rates on funds from borrowings contracted abroad.

As informed in Note 6.2, derivatives are measured at fair value and recorded as assets, when positive, and as liabilities, when negative, and changes in fair value are recognized in profit or loss, and, due to their nature, are classified as market risk hedge. The financial instruments classified as such and the related hedged items have their appreciation or devaluation in relation to the fair value recognized in profit and loss accounts for the period.

Management and monitoring of risks concerning transactions with derivative financial instruments are in line with the Bank's policies and strategies.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.11. Loan portfolio and allowance for expected credit losses (Continued)

Loans and similar credit transactions are classified into nine risk levels from AA (lowest risk) to H (highest risk) and stated at realizable values including, when applicable, earnings accrued on a daily pro rata basis, based on the index variation and contractual interest rate. The earnings accrued on overdue loans are recorded as revenues up to the 59th day and, as of the 60th day, they are no longer accrued, with recognition in profit or loss only when the installments are effectively received, as established by article 9 of CMN Resolution No. 2682/1999. For transactions with terms longer than 36 months, this Resolution also allows double counting over the delay intervals defined for the nine risk levels.

Renegotiated transactions are maintained, at least, at the same risk level in which they were classified before the renegotiation. However, when there are significant facts that justify a change in the risk level, the renegotiated transaction is reclassified to a lower risk rating.

Transactions overdue for more than 180 days and classified as level H are written off against the existing allowance after being classified at this risk level for six months and start to be controlled in memorandum accounts. When renegotiated, these transactions return to the statement of financial position accounts classified at "H" risk level.

The allowance for expected credit losses is based on analysis of the outstanding balance of the transactions, on the values of guarantees, on the history of losses, and on the risks of the portfolio being set up in accordance with the criteria established in CMN Resolution No. 2682/1999 to classify the customer's and the transaction's credit risk (Note 6.3).

3.12. Credit assignment

In accordance with accounting practices established by the Central Bank of Brazil up to September 30, 2011, credits assigned, with or without guarantee, to other financial institutions and funds were written off from the portfolio at the time of disposal, with gains immediately recognized in the statement of profit or loss, and assignments with guarantee were recorded in memorandum accounts. The Bank has a portfolio with guarantee for loan transactions taken out prior to September 30, 2011, recorded in memorandum accounts, for which an allowance for expected credit losses is recorded.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.12. Credit assignment (Continued)

CMN Resolution No. 3533/2008 currently in effect changed, as of January 1, 2012, the form of recognition of credit assignment transactions, carried out as of 2012, establishing procedures for classification and disclosure of disposals or transfers of financial assets. Based on this Resolution, the maintenance or derecognition of the financial asset is related to the substantial retention of the risks and rewards of the transaction.

3.13. Other financial assets

These assets are stated at realizable values including, where applicable, earnings accrued on a daily pro rata basis, less the related unearned income or provisions, when necessary (Note 6.4).

3.14. Other assets

Other assets are recorded as assets not intended for use, received in accord and satisfaction or arising from the execution of guarantees, which are initially recognized at the lower of the value of the item received or the measurement value. The assets are adjusted annually to fair value considering the lower of the measurement value for the year and the carrying value. For the assets sold at auctions in the year, the fair value is determined using the lower of the amount recorded after the last asset valuation and the amount offered at the auction.

- Other assets include prepaid expenses arising from brokerage commissions for the trading of securities issued by the Bank; expenses classified in assets relating to outsourced services that, pursuant to CMN Resolution No. 4924/2021, will be allocated to profit or loss only after the performance obligation established in the contract is satisfied; and expenses related to rental of software to be used for more than one year (Note 8).

Current and deferred tax assets and liabilities

These tax assets and liabilities are recorded in accordance with CMN Resolution No. 4842/2021. The current tax assets are those taxes the Bank is legally entitled to offset or obtain a refund in the future, and the deferred tax assets or tax credits are tax assets arising from temporary tax differences and tax losses. Current tax liabilities refer to taxes payable for the current period and prior periods, and deferred tax liabilities refer to income taxes payable in the future period relating to taxable temporary differences.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.15. Property and equipment in use and intangible assets

Property and equipment in use, except acquisitions prior to 1995, which were restated according to the regulations effective at the time, and intangible assets are recorded at the cost of acquisition, net of the related accumulated depreciation and amortization, and adjusted for impairment if the annual impairment tests indicate that these assets are recognized for an amount above their recoverable amount (Note 7).

Depreciation and/or amortization of these assets are calculated using the straight-line method considering their costs and residual values over their estimated useful lives, as follows:

	<u>Years</u>
Real estate	20
Facilities, furniture and equipment	10
Data processing system	5
Other	10
Intangible assets (software)	5

When the carrying amount of an asset exceeds its estimated recoverable amount (Note 7-a), a provision is set up to adjust the carrying amount of this asset to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized under Nonoperating income (expenses), in the statement of profit or loss.

3.16. Current and noncurrent liabilities

These are stated at known or estimated amounts including, where applicable, accrued charges calculated on a daily pro rata basis, less expenses to be accrued.

Deposits and funding

Deposits, funding, foreign borrowings and domestic financing are stated at the amounts of the liabilities (amortized cost) and include, when applicable, the charges payable restated until March 31, 2022.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to interim financial statements (Continued)
Three-month period ended March 31, 2022
(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.16. Current and noncurrent liabilities (Continued)

Deposits and funding (Continued)

Foreign borrowings with interest rate risk and foreign currency risk supported by the Bank have hedging swaps to exchange foreign currencies for the Brazilian real and agreed floating or fixed rates for future rates or fixed rates. The terms and conditions of the loan and the associated derivative qualify as a matched transaction so that, economically, it results in a debt in Brazilian reais with fixed or future interest rates. In these cases, the debt is measured at fair value through profit or loss to eliminate the accounting mismatch between the loan and the associated derivative instrument.

Other liabilities

They are stated at known and estimated amounts plus applicable charges, if any.

3.17. Contingent assets and liabilities and legal obligations - tax and social security

They are evaluated, recognized and disclosed in accordance with CMN Resolution No. 3823, dated December 16th, 2009, and BACEN Circular Letter No. 3429, dated February 11st, 2010, taking into account Accounting Pronouncement CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, issued by Brazil's FASB (CPC).

Contingent assets: these are not recognized, except when management has total control over the situation or when there is security interest or favorable court decisions, in respect of which there can be no further appeals, considering the gain as virtually certain and confirming the capacity of recovery by receipt or offset.

Contingent liabilities: these are recognized in the financial statements when, based on the opinion of legal advisors and management, the nature of the proceedings, the similarity with previous proceedings, and case laws, the likelihood of an unfavorable outcome of a legal or administrative proceeding is considered probable, requiring a probable cash outflow for settlement of the obligations, and when the amounts involved can be reliably measured. Contingent liabilities classified as possible losses, except those classified as Legal Obligations, are not accounted for and are disclosed in the notes to the financial statements when the amounts involved are individually significant. Provisions are not recognized for contingent liabilities classified as remote losses, nor are they disclosed, except for those classified as Legal Obligations (Note 10(b)).

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Notes to interim financial statements (Continued)
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3. Summary of significant accounting practices (Continued)

3.17. Contingent assets and liabilities and legal obligations - tax and social security (Continued)

Legal obligations - tax and social security: these derive from legal proceedings related to tax obligations, challenging their constitutionality, and are fully recognized in the financial statements, regardless of the likelihood of a favorable outcome (Note 10).

3.18. Current and deferred income and social contribution taxes

Provision for income tax was recorded at the base rate of 15% of taxable profit, plus 10% surtax, while the provision for social contribution tax on adjusted net income is recorded at the rate of 20%, as established by article 32 of Constitutional Amendment No. 103, of November 12, 2019 (Notes 14 and 19).

BDMG tax credits arise from temporary differences related to expenses added to the tax bases that are temporarily not admitted as deductible. Those credits are set up at the rates that will be applied on their realization, to wit:

- (i) Income tax (IRPJ): rate of 15% of taxable profit, plus 10% surtax;
- (ii) Social Contribution Tax on Net Profit (CSLL): rate of 20% of taxable profit.

Tax credits on income and social contribution tax losses (25% and 20%, respectively) are also accrued.

Since Provisional Executive Order No. 1034 of March 1, 2021, which increased the rate of Social Contribution Tax on Net Profit (CSLL) from 20% to 25% for the period from 07/01/2021 to 12/31/2021, was signed into Law No. 14183 of July 14, 2021, the tax credit balance was adjusted, as described in Note 14 a.

On 12/31/2021, the unrealized balance of the tax credit was again adjusted to the rate of 20%, due to the expiration of the rate increase.

Income and social contribution tax credits are reviewed at each reporting date and are accrued on temporary additions and exclusions, based on applicable legislation on the date they are accrued. These tax credits will be realized upon the effective use and/or reversal of the amounts on which they have been accrued.

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Notes to interim financial statements (Continued)
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3. Summary of significant accounting practices (Continued)

3.18. Current and deferred income and social contribution taxes (Continued)

Deferred income and social contribution tax assets are recognized to the extent that future taxable profit is likely to be available against which the temporary differences can be used. Tax credits on income and social contribution tax losses are realized according to the generation of taxable profits, observing the limit of 30% of taxable profit of the base period.

Deferred income and social contribution tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.19. Employee benefits

The Bank offers to its active employees and pensioner members the following benefits:

- (i) Pension benefits: provides employees with supplementary retirement remuneration to that guaranteed by the General Social Security Regime (RGPS). BDMG sponsors defined benefit pension plans (which were closed to new enrolments on November 11st, 2011) and variable contribution pension plans.
- (ii) Healthcare and dental care benefit: this plan provides coverage for medical and dental expenses to its participants. This benefit, made through partial payment of the monthly contribution by the Bank, is guaranteed to active participants and pensioner members who are already retired until February 22nd, 2018, as well as to those who have retired under the conditions established by the Voluntary Resignation Program, whose membership period ended on April 30th, 2018. For the other employees, the plan is assured by the Bank for the period in which they remain as active participants, and in the form of self-sponsorship after they retire in accordance with the conditions established in the PRÓ-SAÚDE Regulation.
- (iii) Life insurance: this benefit is sponsored by the Bank, which pays part of the premium of the group life insurance policy and, as from February 22nd, 2018, is ensured to active employees and pensioner members who had the benefit on that date.

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Notes to interim financial statements (Continued)
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3. Summary of significant accounting practices (Continued)

3.19. Employee benefits (Continued)

Active employees may remain bound to the plan when they become pensioner members, and are responsible for the total contribution due.

- (iv) Voluntary employment termination program: the objective of this Program, when implemented, is to benefit the employees in condition to retire and who meet the requirements established in its regulation. The program was opened on May 5th, 2020, with a 15-day enrollment period from that date.
- (v) Other benefits: the Bank also offers to its active employees other benefits, such as profit sharing, maternity leave extended for an additional sixty days and paternity leave extended for an additional fifteen days. Furthermore, BDMG grants lifetime pension benefits to a pensioner member and retirement benefits to two retired former employees, for not having been hired under the Consolidation of the Labor Laws (CLT) regime, at the time the Bank was still an autonomous government agency.

All the benefits granted by the Bank, including those granted to active employees that do not represent post-employment benefits, such as profit sharing and extended maternity and paternity leaves, are accounted for in accordance with CPC 33 (R1) - Employee Benefits, as approved by CMN Resolution No. 4877/2020.

The Bank complies with this standard when accounting for the benefits concerning the performance of the actuarial study on which the accounting records are based. The actuarial study used by the Bank is made annually for the reporting date of December 31 and updated for the reporting date of June 30th. The effective rates used to discount the post-employment benefit obligations to present value are calculated by interpolation of the indicative rates of the IMA-B index, published by ANBIMA, considering the maturity durations of the NTN-B securities that make up the mentioned index and using the calculated duration of the actuarial obligations of each post-employment benefit plan as parameter.

Information on recognition of employee benefits is detailed in Note 17.

3.20. Employee profit sharing

Profit sharing is defined through a collective agreement and the related provision is recorded based on a percentage of the profit determined monthly, adjusted at year end after the profit for the year is calculated.

3.21. Capital

The Bank's capital, recorded in equity, comprises registered common shares with no par value (Note 12(a)).

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Notes to interim financial statements (Continued)
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3. Summary of significant accounting practices (Continued)

3.22. Equity remuneration

BDMG's Bylaws establish payment of mandatory minimum dividends corresponding to 1% of net income for the year, adjusted pursuant to legislation.

The state of Minas Gerais, which is the Bank's controlling shareholder, has adopted the practice of increasing capital with the credited amount of interest on equity, net of the withholding amount due to the Federal Government on revenues credited to the state, when applicable;

The other shareholders, who do not have tax immunity, when adopting the same practice, reinvest interest at the credited amount net of taxes.

3.23. Earnings per share

BDMG's capital consists exclusively of common shares held by shareholders, whose interests may not be diluted since the Bank does not operate with financial products or any associated instruments that can be converted into shares.

Therefore, earnings presented in the Bank's financial statements refer to basic earnings, calculated by dividing net income by the total number of common shares. Information on earnings per share is presented in Note 12 (e).

3.24. Income and expenses

Income and expenses are recognized on an accrual basis in profit or loss for the respective periods, except for income from loan transactions, as described in Note 3.11.

3.25. Transactions with related parties

The related party disclosures included in the notes to the financial statements are in accordance with CMN Resolution No. 4818/2020, which requires the disclosure of transactions between the Bank and its related parties that impacted the financial position and profit or loss.

The legal entities and individuals considered to be the Bank's related parties are specified in BDMG Resolution No. 209-B/2019, which addresses the Policy on Transactions with Related Parties, and those with which the Bank conducted transactions in the period are presented in Note 15.

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Notes to interim financial statements (Continued)
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4. Application of accounting judgments and estimates with significant effects

The preparation of the interim financial statements requires management to use judgments and estimates that impact the book balances of assets and liabilities held by the Bank. The estimates and judgments adopted by the Bank result from subjectivity and uncertainties involving certain classes of assets and liabilities.

The Bank, in turn, has internal rules or technical notes that establish criteria for application of accounting policies that may or may not involve the use of judgments and estimates to calculate the amounts to be accounted for.

Judgments and estimates are reviewed on an ongoing basis since it is necessary to take into account, in addition to the established practice, the factors assessed as possible to occur at the time the interim financial statements are prepared.

The reviews carried out also took into consideration the expected impact on the economy due to the Covid-19 pandemic.

4.1. Impairment of nonfinancial assets

Nonfinancial assets held for sale, accounted for in accordance with CMN Resolution No. 4747/2019, are technically assessed to check the feasibility of recovery of their carrying amount. The assessments consider estimates defined according to the conditions that affect the item at the time they are carried out. The Bank establishes a provision for loss when the valuation of the asset is less than the accounted value, and the recognized loss may be reversed based on future assessments.

Management accepts as evidence of impairment loss the condition in which the value offered in the auction for sale of the asset is lower than the book value of that asset.

4.2. Allowance for expected credit losses

Management exercises judgments and applies certain assumptions to measure expected credit losses.

The allowance for expected credit losses complies with CMN Resolution No. 2682/1999, as stated in Note 6.3.

The evaluation of expected losses on the portfolio is made by means of a model that involves various estimates and judgments, since they consider the characteristics of the customer's credit and quality, payment history and the existing guarantees, which may lead to a decrease in the estimated amount receivable of future cash flows.

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Notes to interim financial statements (Continued)
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4. Application of accounting judgments and estimates with significant effects (Continued)

4.2. Allowance for expected credit losses (Continued)

Management's judgments are made mostly in relation to factors considered in the model in which internal and external information may point to the possibility of losses during the lifetime of the instrument.

However, the use of different judgments and assumptions may lead to an allowance different from the amount determined by the model.

4.3. Fair value of derivative financial instruments

The Bank's derivative financial instruments are recorded at fair value, which is established based on quotations from active markets, when available and, in the absence thereof, is calculated using valuation techniques based on assumptions that consider established judgments from information and market conditions existing at the reporting date.

The judgments made arise substantially from the volatility of the foreign exchange markets, which can cause significant changes in the future rates of foreign currencies, in very short periods of time, generating significant variations in the fair value of the swaps.

It should be noted that the methodologies adopted are considered appropriate and consistent with the market conditions, but when taking into consideration assumptions and judgments, the results obtained may vary in relation to those arising from application of other methodologies that use different assumptions to determine the fair value.

4.4. Deferred tax assets

The Bank has tax credits recognized in assets substantially resulting from temporary differences and for which realization is expected, based on projected future taxable profits.

The expected future generation of taxable profits is based on technical studies of projection of profit or loss that require management's judgment and also involves the use of estimation calculations that take into consideration current and future expectations as to business growth and performance of the Bank.

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Notes to interim financial statements (Continued)
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4. Application of accounting judgments and estimates with significant effects (Continued)

4.5. Provision for tax, civil and labor contingencies

The Bank has contingent liabilities and related provisions arising from lawsuits at legal and administrative courts related to tax, civil and labor contingencies.

Obligations are recognized in accordance with the opinion of legal advisors who classify the proceedings in terms of likelihood of loss.

For obligations legally assessed as “probable loss”, provisions are set up, the amounts of which are quantified using criteria that allow their measurement despite the uncertainties inherent in the terms, settlement amounts and likelihood of loss.

A provision for tax and social security proceedings for which the constitutional grounds are discussed, in compliance with Bacen Circular Letter No. 3429/2010, is recognized for the amount in dispute plus charges, even when the likelihood of loss is not assessed as probable, while the provision for labor and civil contingencies corresponds to the estimated disbursement plus applicable charges. The provisioned amounts are adjusted whenever there is a decision that impacts the book value.

For judgment purposes, management considers the possibility of changes in the estimates considered for recognizing the provisions, as a result of changes in the outcome of the proceedings and the possibility of future disbursement due to decisions at higher courts and/or government incentive programs for payment of debts under favorable conditions that may lead to a disbursement below the provision amount.

The Bank’s contingencies are described in Note 10-b.

4.6. Defined benefit retirement plan obligations

The defined benefit plan sponsored by the Bank generates an obligation, the amount of which is obtained by actuarial calculations that consider various assumptions and are partly based on current market conditions.

In measuring the actuarial liabilities of the post-employment benefit plan, management uses judgment to determine the assumptions.

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4. Application of accounting judgments and estimates with significant effects (Continued)

4.7. Provisions for loan commitments, guarantees and legal claims

To support losses arising from the possible need to honor obligations arising from the provision of guarantees for contracts not recorded in the statement of financial position, the Bank sets up a provision for expected losses, and this amount is recognized as a liability against profit or loss for the period. To calculate the estimated amount of losses from the provision of guarantees, the same parameters used to calculate the expected loss in the customer loan portfolio are used.

5. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	<u>03/31/2022</u>	<u>12/31/2021</u>
Cash and cash equivalents	2,091	2,284
Cash and cash equivalents in foreign currency	10,701	12,965
Interbank investments (i)	1,438,332	1,487,444
	<u>1,451,124</u>	<u>1,502,693</u>

(i) Interbank investments considered cash equivalents are the repurchase agreement maturing within 90 days.

5.1. Interbank investments

	<u>03/31/2022</u>	<u>12/31/2021</u>
Investments in repurchase agreements (own portfolio):		
National Treasury Notes (NTN)	1,438,332	-
Financial Treasury Bills (LFT)	-	1,487,444
Investments in interbank deposits, net of provision	143,869	1,835
	<u>1,582,201</u>	<u>1,489,279</u>

Interbank investments mature as follows:

	<u>Overdue</u>	<u>Within 30 days</u>	<u>From 31 to 360 days</u>	<u>Above 360 days</u>	<u>Total</u>
National Treasury Notes		1,438,332	-	-	1,438,332
Interbank deposits	6,388	-	62,938	80,931	150,257
Provision for losses	(6,388)	-	-	-	(6,388)
Balance at 03/31/2022	<u>-</u>	<u>1,438,332</u>	<u>62,938</u>	<u>80,931</u>	<u>1,582,201</u>
Balance at 12/31/2021	<u>-</u>	<u>1,487,444</u>	<u>1</u>	<u>1,834</u>	<u>1,489,279</u>

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6. Financial instruments

6.1. Marketable securities

	03/31/2022			12/31/2021		
	Number	Curve yield	Market value	Number	Curve yield	Market value
Securities available for sale (i)						
Government bonds	20,850	239,485	238,778	20,850	233,795	231,965
LFT	20,850	239,485	238,778	20,850	233,795	231,965
Free	13,602	156,234	155,773	20,850	233,795	231,965
Contingent on guarantee	7,248	83,251	83,005	-	-	-
Corporate bonds		207,186	160,284		197,967	154,583
Investment fund shares	90,840,359	111,313	111,313	47,635,840	102,094	102,094
Floating income securities	4,043,845	95,873	105,999	4,043,845	95,873	109,517
Provision for losses on floating income securities	-	-	(57,028)	-	-	(57,028)
		305,912	247,658		289,771	233,168
Securities held to maturity (ii)						
Government bonds - National Treasury Notes (NTN-B)	21,000	83,338	82,600	21,000	83,162	82,054
Free	21,000	83,338	82,600	21,000	83,162	82,054
Corporate bonds		222,574	165,058		206,609	151,114
Debentures	67,144	81,862	81,862	67,144	79,257	79,257
Provision for debenture credit risk	-	-	(57,304)	-	-	(55,480)
Agribusiness Receivables Certificates (CRA)	30,157	30,808	30,808	30,157	30,667	30,667
Investments in Commodities - CPR	-	109,904	109,904	-	96,685	96,685
Provision for credit risk – Agricultural Commodities Note (CPR)	-	-	(212)	-	-	(15)
	-	752,583	646,720	-	721,533	619,716
Current			134,646			182,221
Noncurrent			512,074			437,495

a) Securities held for trading

BDMG does not have securities classified under this category as at March 31st, 2022 and December 31st, 2021.

b) Securities available for sale

These securities can be sold at any time in response to the need for liquidity or changes in market conditions. This portfolio includes government bonds that are recognized at market value, and unrealized gains and losses arising from adjustments to their values recognized at market value, while unrealized, are accounted for, net of applicable taxes, in a specific equity account. Upon realization, they are recognized in profit or loss, on the trading date, with a matching entry to such specific account.

These securities are marked to market considering the quotations disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA) for the secondary market of such securities.

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.1. Marketable securities (Continued)

b) Securities available for sale (Continued)

Changes in the equity adjustment of securities available for sale:

	Unrealized gains (losses)	Tax effects	Mark to market
Balance at 12/31/2021	10,707	(5,401)	5,306
Adjustment in the period	(2,028)	1,036	(992)
Balance at 03/31/2022	8,679	(4,365)	4,314

Variable income securities classified as securities available for sale refer to shares recorded at fair value and reduced due to impairment.

Investments in investment fund shares are considered in this category at acquisition cost as they are not traded in an active market.

Maturity of securities available for sale

	03/31/2022				12/31/2021			
	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
Government bonds	-	-	238,778	238,778	-	-	231,965	231,965
LFT	-	-	238,778	238,778	-	-	231,965	231,965
Corporate bonds	9,427	18,493	132,364	160,284	250	27,496	126,837	154,583
Investment fund shares	9,427	18,493	83,393	111,313	250	27,496	74,348	102,094
Floating income securities	-	-	105,999	105,999	-	-	109,517	109,517
Provision for losses on floating income securities	-	-	(57,028)	(57,028)	-	-	(57,028)	(57,028)
Total	9,427	18,493	371,142	399,062	250	27,496	358,802	386,548

c) Securities held to maturity

These securities are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the interest rate and other contracted finance charges.

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.1. Marketable securities (Continued)

c) Securities held to maturity (Continued)

Maturities of securities held to maturity

	03/31/2022						Total
	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	
Government bonds	-	-	-	82,600	-	-	82,600
NTN - Unrestricted	-	-	-	82,600	-	-	82,600
Corporate bonds	472	10,641	1,212	6,434	5,367	140,932	165,058
Debtentures	-	-	-	-	-	81,862	81,862
Provision for debtenture credit risk	-	-	-	-	-	(57,304)	(57,304)
Agribusiness Receivables Certificates (CRA)	187	-	-	2,730	5,367	22,524	30,808
Investments in commodities - CPR	286	10,694	1,218	3,705	-	94,000	109,903
Provision for credit risk – Agricultural Commodities Note (CPR)	(1)	(53)	(6)	(1)	-	(150)	(211)
Total	472	10,641	1,212	89,034	5,367	140,932	247,658

	12/31/2021						Total
	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	
Government bonds	-	-	-	-	82,054	-	82,054
NTN - Unrestricted	-	-	-	-	82,054	-	82,054
Corporate bonds	483	278	1,862	11,162	58,636	78,693	151,114
Debtentures	-	-	-	-	-	79,257	79,257
Provision for debtenture credit risk	-	-	-	-	-	(55,480)	(55,480)
Agribusiness Receivables Certificates (CRA)	193	-	-	185	5,373	24,916	30,667
Investments in commodities - CPR	290	278	1,862	10,977	53,278	30,000	96,685
Provision for credit risk – Agricultural Commodities Note (CPR)	-	-	-	-	(15)	-	(15)
Total	483	278	1,862	11,162	140,690	78,693	233,168

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.1. Marketable securities (Continued)

c) Securities held to maturity (Continued)

i) *National Treasury Notes*

At June 30th, 2015, the Bank reclassified the following security from “available for sale” to “held to maturity”:

	<u>Maturity date</u>	<u>03/31/2022</u>	<u>12/31/2021</u>
NTN-B	08/15/2022	83,338	83,162
Mark to market		(738)	(1,108)
Current value		82,600	82,054

At the reclassification date, the balance of R\$15,178 was recorded as a separate component in equity referring to unrealized gains on such security. Due to the reclassification, this amount will be allocated to profit or loss up to the maturity dates.

Until 03/31/2022, R\$369 (R\$1,477 at 12/31/2021) was allocated to profit or loss, totaling R\$14,440 (R\$14,071 at 12/31/2021) in allocations already made to profit or loss.

ii) *Debentures*

Debentures are acquired as financial support rather than for financial investment purposes. A provision is recorded for the credit risk of the issuer, pursuant to CMN Resolution No. 2682/1999.

	<u>Number</u>	<u>Maturity date</u>	<u>03/31/2022</u>	<u>12/31/2021</u>
Acquisition in January 2019	67,144	01/11/2024	81,862	79,257
Provision for credit risk			(57,304)	(55,480)
Current value			24,558	23,777

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.2. Derivative financial instruments

To hedge its assets from own risks arising from exchange differences and interest rate fluctuations of funds raised abroad, for which the risks are kept, the Bank uses swaps.

When contracting derivative instruments, the Bank observes the regulations in force regarding the risk control policy, the hedging strategies established and limits determined, and the ways of monitoring transactions at the Bank.

Derivatives are recorded at fair value and held as assets when positive, and as liabilities, when negative. They are subsequently revalued also at fair value, with the valuations or devaluations recognized directly in profit or loss for the period. These derivatives are intended to offset, in whole or in part, the risks arising from changes in the market value of the hedged financial assets or liabilities. These derivatives, as well as related financial assets and liabilities, are adjusted to market value, and gains and losses are posted directly to profit or loss.

In accordance with BACEN Circular Letter No. 3082/2001, the Bank adopts the hedge accounting methodology for recognition of derivatives, recording external funding operations (hedged items) and derivative financial instruments (hedging instruments) based on their market value. Therefore, the variation in the hedged item is offset by the variation in the hedging instrument considering the cumulative effect of the transaction.

The following conditions are applied for use of this accounting procedure:

- Existence of documented identification of the hedged risk with detailed information about the transaction; and
- Hedge effectiveness is maintained as a percentage within the range established in said Circular Letter.

The market value of swap long and short positions accounted for under the hedge accounting procedure is established through use of weighting factors calculated at the derivative contracting date and that, at that date, are equal to the market value and curve yield of the contracted transaction.

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6. Financial instruments (Continued)

6.2. Derivative financial instruments (Continued)

At the beginning of the transaction, as established in BACEN Circular Letter No. 3082/2001, BDMG conducts the effectiveness test, the initial prospective test of the hedge structure, and periodically assesses the effectiveness through prospective and retrospective tests, upon preparation of the semi-annual and annual financial statements, through calculation of the ratio of the market value variation of the hedging instrument and the market value variation of the hedged item.

a) Hedging of amounts receivable or payable

The amounts receivable or payable from swap agreements are guaranteed by deposits and/or interbank funding when they exceed the contractual limits.

	<u>03/31/2022</u>	<u>12/31/2021</u>
Guarantees in effect:		
Interbank deposits	143,870	1,836
Funding in interbank deposits	-	39,414

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6. Financial instruments (Continued)

6.2. Derivative financial instruments (Continued)

b) Position of foreign funding hedged by derivatives

	Commence ment	End	Index/rate	Funding	03/31/2022		12/31/2021	
					Balance (foreign currency)	Curve	Balance (foreign currency)	Curve
CAF 1	09/27/2013	09/27/2023	6M Libor + 3.65% p.a.	US\$15,000	2,648	12,545	3,564	19,892
CAF 2	10/21/2013	10/23/2023	6M Libor + 3.65% p.a.	US\$30,000	7,179	34,010	7,112	39,684
CAF 3	12/19/2013	12/19/2023	6M Libor + 3.65% p.a.	US\$30,000	7,137	33,811	7,067	39,435
AFD3	02/02/2017	11/28/2025	6M Euribor + 2% p.a.	€\$ 15,000	4,895	25,724	4,877	30,818
EIB	03/02/2020	02/20/2030	6M Libor + 0.451% p.a.	US\$9,301	9,313	44,115	9,322	52,014
FONPLATA	05/21/2020	05/19/2025	6M Libor + 3.02% p.a.	US\$36,000	36,429	172,571	36,141	201,662
EIB 2	12/03/2020	12/03/2030	1.032% p.a.	US\$11,241	11,279	53,430	11,250	62,773
EIB 3	12/03/2020	12/03/2030	1.032% p.a.	US\$35,703	35,824	169,705	35,732	199,379
CAF6*	01/08/2021	12/18/2026	6M Libor + 2.5% p.a.	US\$40,000	40,316	190,983	40,034	223,388
CAF6*	03/11/2021	12/18/2026	6M Libor + 2.5% p.a.	US\$60,000	60,473	286,473	60,052	335,081
IDB INVEST	03/09/2021	12/19/2027	3M Libor + 4.25% p.a.	US\$50,000	50,015	236,929	50,012	279,064
AFD4	07/08/2021	07/30/2032	Euribor 6M + 4.09% p.a.	€\$ 17,500	17,602	92,501	17,767	112,264
EIB4	07/16/2021	07/09/2031	6M Libor + 0.298% p.a.	US\$11,633	11,650	55,190	11,659	65,058
CARGILL	09/24/2021	09/19/2022	12m Libor + 3.85% p.a.	US\$10,000	7,660	36,285	7,583	42,314
EIB5	03/22/2022	03/16/2032	2.395% p.a.	US\$24,854	24,854	117,856		-
						1,562,128		1,702,826
Mark to market						(5,513)		636
Market value						1,556,615		1,703,462

(*) Tranche nationalized in 2021 and swap taken out for hedging purposes as from the nationalization date.

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.2. Derivative financial instruments (Continued)

c) Swap amounts recorded

			03/31/2022	03/31/2021
	Notional value (memorandum account)	Amount receivable / payable (asset/liability account)	Net effect (profit or loss account)	Net effect (profit or loss account)
(US\$ + Libor + Rate) x (BRL + %CDI) (1)	56,600	22,501	(15,966)	29,158
(EUR + Euribor + Rate) x (BRL + % CDI) (1)	24,571	7,808	(5,681)	1,483
(USD + Libor + Rate) x (BRL + Rate) (1)	41,634	2,866	(8,727)	3,724
(USD + Rate) x (BRL + +%CDI) (1)	-	-	-	11,404
(US\$ + Libor + Rate) x (BRL + %CDI) (2)	1,144,045	(193,016)	(201,946)	8,202
(EUR + Euribor + Rate) x (BRL + % CDI) (2)	109,666	(19,076)	(21,126)	-
(USD + Rate) x (BRL + %CDI) (2)	364,923	(45,942)	(57,441)	-
	1,741,439	(224,859)	(310,887)	53,971

(1) difference receivable

(2) difference payable

d) Swaps by maturity

	From 31 to 180 days	From 181 to 360 days	More than 360 days	Total
Long position – Difference receivable				
Foreign currency	-	-	33,175	33,175
Total - 03/31/2022	-	-	33,175	33,175
Total - 12/31/2021	-	1,473	85,145	86,618
Short position – Difference payable				
Foreign currency	(5,867)	-	(252,1667)	(258,034)
Total - 03/31/2022	(5,867)	-	(252,167)	(258,034)
Total - 12/31/2021	-	-	(16,363)	(16,363)
Net exposure - 03/31/2022	(5,867)	-	(218,992)	(224,859)
Net exposure - 12/31/2021	-	1,473	68,782	70,255

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.2. Derivative financial instruments (Continued)

e) Swaps by index and nominal value

	Notional value	Curve yield	Mark to market	Market value
Long position – Difference receivable				
(US\$ + Libor + Rate) x (BRL + %CDI)	56,600	21,734	767	22,501
(EUR + Euribor + Rate) x (BRL + %CDI)	24,571	7,114	694	7,808
(US\$ + Libor + Rate) x (BRL + Rate)	41,634	2,245	621	2,866
(USD + Rate) x (BRL + %CDI)	-	-	-	-
Long position - 03/31/2022	122,805	31,093	2,082	33,175
Long position - 12/31/2021	1,019,988	87,869	(1,251)	86,618
Short position – Difference payable				
(US\$ + Libor + Rate) x (BRL + %CDI)	1,144,045	(198,998)	5,982	(193,016)
(EUR + Euribor + Rate) x (BRL + %CDI)	109,666	(19,954)	878	(19,076)
(USD + Rate) x (BRL + %CDI)	364,923	(31,485)	(14,457)	(45,942)
Short position - 03/31/2022	1,618,634	(250,437)	(7,597)	(258,034)
Short position - 12/31/2021	602,699	(18,249)	1,886	(16,363)
Net exposure - 03/31/2022	1,741,439	(219,344)	(5,515)	(224,859)
Net exposure - 12/31/2021	1,622,687	69,620	635	70,255

The effect of exchange differences on hedge accounting transactions is equivalent to that generated in hedged transactions.

6.3. Loan portfolio

	03/31/2022	12/31/2021
Loan portfolio (loans and similar credit transactions)	5,715,768	5,827,900
Allowance for expected credit losses	(578,582)	(577,218)
Net balance	5,137,186	5,250,682

Funds invested in loans and similar credit transactions

	03/31/2022	12/31/2021
Own funds	3,434,072	3,367,529
Third-party funds (onlending from financial institutions to the original transaction)	2,281,696	2,460,371
Total	5,715,768	5,827,900

The balance of the renegotiated loan portfolio totals R\$1,783,486 (R\$1,856,225 at December 31, 2021).

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Notes to interim financial statements (Continued)
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 (In thousands of reais, unless otherwise stated)

6. Financial instruments (Continued)

6.3. Loan portfolio (Continued)

a) Concentration of credit risk exposure (gross value)

<u>Range</u>	<u>03/31/2022</u>		<u>12/31/2021</u>	
	<u>Balance</u>	<u>%</u>	<u>Balance</u>	<u>%</u>
Largest customer	202,906	3	202,061	3
10 largest customers	1,002,470	16	1,015,063	16
20 largest customers	1,603,260	25	1,640,218	26
50 largest customers	2,567,968	40	2,680,660	42
100 largest customers	3,371,713	53	3,468,447	54
Other	2,972,111	47	2,924,748	46

The table above considers exposures in extended portfolio, that is, comprises the loan portfolio as at March 31, 2022 with a balance R\$5,715,768 (R\$5,827,900 at December 31, 2021), as well as other exposures to credit risk such as guarantees: R\$16,309 at March 31, 2022 (R\$13,730 at December 31, 2021); credit notes: R\$225,575 at March 31, 2022 (R\$206,609 at December 31, 2021); and loans to be drawn down: R\$389,172 at March 31, 2022 (R\$344,956 at December 31, 2021).

b) Classification by type and segment of activity

	<u>03/31/2022</u>	<u>12/31/2021</u>
Loans	1,738,382	1,766,914
Manufacturing	698,747	705,977
Trade	545,213	556,952
Other services	494,422	503,985
Financing to the private sector	3,471,206	3,503,320
Manufacturing	980,632	1,013,044
Trade	256,005	225,182
Other services	1,140,892	1,100,529
Agricultural and agro-industrial	1,085,636	1,154,705
Individuals	1,380	1,513
Other	6,661	8,347
Financing to the public sector (direct and indirect municipal administrations)	506,180	557,666
Subtotal	5,715,768	5,827,900
Allowance for loan losses	(578,455)	(577,058)
Allowance for losses on credits similar to loans	(127)	(160)
	5,137,186	5,250,682
Current	2,071,513	2,068,170
Noncurrent	3,065,673	3,182,512

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.3. Loan portfolio (Continued)

c) Classification by maturity and risk levels

Risk level	03/31/2022									12/31/2021
	Total	Overdue (in days)			Falling due (in days)					Total
		From 15 to 90 days	More than 90 days	Within 90	From 91 to 360	From 361 to 1080	From 1081 to 1800	From 1801 to 5400	More than 5400	
AA	2,102,814	-	-	146,028	594,814	837,284	256,823	247,046	20,819	2,117,778
A	1,381,679	20,924	-	168,045	509,781	472,328	125,071	85,530	-	1,455,540
B	744,591	13,010	-	93,098	221,758	246,484	85,227	85,014	-	824,404
C	707,227	10,696	7,888	45,770	158,096	323,005	92,033	69,739	-	651,934
D	160,266	6,614	16,845	12,519	27,742	51,021	28,867	16,658	-	163,393
E	111,901	2,737	6,656	7,770	25,685	59,165	2,445	7,443	-	112,014
F	9,883	54	8,212	101	1,082	417	17	-	-	6,535
G	30,673	-	4,331	688	4,710	12,121	5,089	3,734	-	26,542
H	466,734	20,174	30,186	11,854	214,226	38,429	26,917	27,071	97,877	469,760
	5,715,768	74,209	74,118	485,873	1,757,894	2,040,254	622,489	542,235	118,696	5,827,900

d) Classification by risk level and allowance

Risk level	%	03/31/2022				12/31/2021	
		Portfolio	Allowance for loan losses based on minimum required percentages	Allowance for loan losses	Portfolio	Allowance for loan losses	
AA	0	2,102,814	-	-	2,117,778	(12)	
A	0.5	1,381,679	(6,908)	(6,908)	1,455,540	(7,297)	
B	1	744,591	(7,446)	(7,446)	824,404	(8,244)	
C	3	707,227	(21,217)	(21,407)	651,934	(20,005)	
D	10	160,266	(16,027)	(16,104)	163,393	(16,449)	
E	30	111,901	(33,570)	(33,570)	112,014	(33,604)	
F	50	9,883	(4,942)	(4,942)	6,535	(3,268)	
G	70	30,673	(21,471)	(21,471)	26,542	(18,579)	
H	100	466,734	(466,734)	(466,734)	469,760	(469,760)	
		5,715,768	(578,315)	(578,582)	5,827,900	(577,218)	

e) Changes in allowance for loan losses and interbank onlending

	03/31/2022	12/31/2021
Opening balance	577,218	564,836
(+) Recognition of allowance, net of reversals	12,047	110,523
(-) Loans written off as losses	(10,683)	(98,141)
Balance of allowance for losses on credits similar to loans	578,582	577,218
(+) Recognition of allowance, net of reversals of interbank onlending	29	24
Balance of allowance for loan losses from interbank onlending	29	24
Closing balance	578,611	577,242

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.3. Loan portfolio (Continued)

f) Credit assignments

- (i) Balance of loan transactions assigned with guarantee, prior to the effectiveness of CMN Resolution No. and recorded in memorandum accounts:

	<u>31/03/2022</u>	<u>12/31/2021</u>
Guarantees pending settlement	16,309	13,730
Transactions settled to be transferred	1,811	(351)
	<u>18,190</u>	<u>13,379</u>

- (ii) In 2021, in accordance with the requirements of CMN Resolution No. 3533/2008, the Bank entered into an agreement for assignment of credit with substantial transfer of risks and rewards, and recorded the write-off of the financial asset together with the gain obtained in the transaction in the total amount of R\$2,092. In addition, the Bank reversed the allowance for expected credit losses related to the assigned financial asset.

6.4. Other financial assets

	<u>03/31/2022</u>	<u>12/31/2021</u>
Customers - escrow deposits (a)	129,847	128,530
Taxes and contributions to be offset (b)	73,375	72,938
Sundry customers – domestic (c)	3,180	13,252
Securities and credits receivable (d)	2,321	2,278
Income receivable (e)	1,633	1,693
Prepaid salaries and advances	2,045	966
Other	3,914	4,212
	<u>216,316</u>	<u>223,869</u>
Current	52,632	19,952
Noncurrent	163,683	203,917

- (a) Customers - escrow deposits

These deposits result from legal inquiries, particularly of a tax and fiscal nature, as disclosed in Note 10 b (i).

<u>Breakdown</u>	<u>03/31/2022</u>	<u>12/31/2021</u>
Deposits for tax suits filed	126,935	125,661
Deposits for labor claims	2,823	2,782
Deposits for civil suits	89	87
Total	<u>129,847</u>	<u>128,530</u>
Current	-	-
Noncurrent	129,847	128,530

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Notes to interim financial statements (Continued)
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6. Financial instruments (Continued)

6.4. Other financial assets (Continued)

(b) The balance of R\$73,375 (R\$72,938 at December 31st, 2021) refers to prepaid taxes to be offset:

- (i) R\$73,120 - credit to be validated by the Brazilian Internal Revenue Service, pursuant to Revenue Procedure RFB No. 2055 of 12/06/2021 (Official Gazette dated 12/08/2021), originated as follows (Note 19):

On 09/12/1995, BDMG filed a suit against the Federal Government, processed under No. 95.0021384-2, seeking to rule out the payment of PIS/PASEP pursuant to Decree-laws No. 2445/88 and No. 2449/88 and to recognize its right to pay such tax under the terms of Supplementary Law No. 7/70, by virtue of the rule provided for in article 173 of the Federal Constitution (isonomy between government entities that carry out economic activities and private companies). The period of the claimed credit covers the effectiveness of the aforementioned Decree-laws, that is, from 07/1988 to 05/1994.

The judgment handed down by the Regional Federal Court (TRF) – 1st Chapter was subject to appeals by the parties, with the following outcome: BDMG was granted the right to pay PASEP based on Supplementary Law No. 8/70, and Decree-laws No. 2445/88 and No. 2449/88 were ruled out. The final decision on this suit was granted on 12/03/2021 according to the Certificate issued by the TRF – 1st Chapter.

On March 23rd, 2022, BDMG filed with the Brazilian Internal Revenue Service the documents required for the validation of the credit.

- (ii) R\$255 – Withholding Income Tax (IRRF) to be offset.

- (c) The balance of R\$3,180 (R\$13,252 at December 31st, 2021) refers to the amount to be refunded by the National Treasury Office (STN) relating to the bonus for timely payment granted to customers of agricultural transactions, renegotiated in accordance with the provisions of Law No. 9138/1995, as amended.
- (d) The notes and credits receivable balance refers to income of R\$2,321 (R\$2,278 at December 31, 2021) to be refunded by National Treasury Office (STN), in accordance with the legal determinations applicable to agricultural loans financed with funds from the STN and respective renegotiations.
- (e) The balance of income receivable arises from: i) commissions for services provided on loans granted with resources from the development funds administered by BDMG, in the amount of R\$1,504 (R\$1,504 at December 31, 2021), net of the respective provisions. The income is payable upon maturity of the contracted installments, and a provision is recorded based on the percentage of the risk level under which the transaction generating the income is classified. This risk classification is in line with the Bank's policy, which extended to the transactions funded by resources from the administered funds the same criteria established in CMN Resolution No. 2682/1999 for loans of BDMG's own portfolio; and ii) R\$129 (R\$129 at December 31, 2020) referring to other income receivable.

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7. Property and equipment in use and intangible assets

a) Property and equipment in use

	03/31/2022		12/31/2021	
	Cost	Accumulated depreciation	Net amount	Net amount
Real estate	44,310	(29,409)	14,901	14,963
Facilities, furniture and equipment	6,297	(5,815)	482	426
Data processing equipment	7,272	(6,827)	445	505
Other	444	(418)	26	28
Construction in progress	6	-	6	153
	58,329	(42,469)	15,860	16,075

Insurance coverage (unaudited) - in order to cover possible damages to its property and equipment, the Bank has insurance coverage amounting to R\$50,000 (R\$ 50,000 at December 31, 2021).

b) Intangible assets

	03/31/2022		12/31/2021	
	Cost	Accumulated amortization	Net amount	Net amount
Data processing system (software)	48,143	(28,790)	19,353	19,733

8. Other assets

	03/31/2022	12/31/2021
Nonfinancial assets held for sale	49,300	50,297
Provision for nonfinancial assets held for sale	(7,433)	(7,816)
Prepaid expenses (I)	12,732	12,166
Other	530	535
	55,129	55,182
Current	4,151	3,426
Noncurrent	50,978	51,756

(I) Refers mainly to: i) amounts paid as fees and commissions on loans and issue of securities abroad, recorded at the amount disbursed and amortized according to the maturity of the related transactions, and ii) ongoing service expenses, recorded in accordance with CMN Resolution No. 4924/2021.

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9. Financial liabilities

9.1. Deposits and funding

	03/31/2022	12/31/2021
Deposits		
Interbank deposits (a)	463,869	490,702
Time deposits (b)	310,271	279,454
Funding		
Agribusiness Credit Bills (LCA)	526,866	479,527
	1,301,006	1,249,683
Current	833,941	818,636
Noncurrent	467,065	431,047

Deposits

(a) Interbank deposits:

- R\$463,869 (R\$451,288 at December 31, 2021) - funding from financial institutions for Time Deposits with Special Guarantee (DPGE).

(b) Time deposits – the balance includes securities issued for:

- Market funding: R\$88,343 (R\$85,745 at December 31, 2021)
- Guarantees provided for in loan agreements: R\$221,928 (R\$193,709 at December 31, 2021)

Deposit maturities

	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	03/31/2022 Total	12/31/2021 Total
Interbank deposits	-	-	88,871	353,749	-	21,249	463,869	490,702
Guarantee margin	-	-	-	-	-	-	-	39,415
DPGE	-	-	88,871	353,749	-	21,249	463,869	451,287
Time deposits	7,299	3,409	3,527	108,216	14,404	173,416	310,271	279,454
With certificate	7,299	3,409	2,473	19,873	14,404	173,416	221,928	193,709
DPGE	-	-	-	88,343	-	-	88,343	85,745
	7,299	3,409	92,398	461,965	14,404	194,665	774,140	770,156
Current							579,475	594,727
Noncurrent							194,665	175,429

Funding

Agribusiness Credit Bills (LCA) – these are backed by agribusiness loan transactions covered by the Deposit Insurance Fund (FGC), limited to R\$250 per customer.

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Notes to interim financial statements (Continued)
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9. Financial liabilities (Continued)

9.1. Deposits and funding (Continued)

Funding (Continued)

Maturities

							03/31/2022	12/31/2021
	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total	Total
Agribusiness Credit Bills (LCA)	12,826	26,416	59,297	40,606	115,321	272,400	526,866	479,527
Current							254,466	223,909
Noncurrent							272,400	255,618

9.2. Borrowings and onlending

a) Foreign borrowings

	03/31/2022		12/31/2021	
	Curve	Market	Curve	Market
Institution:				
CAF	557,822	561,736	657,480	661,015
AFD	165,259	166,832	199,431	200,241
EIB	440,296	426,110	379,224	373,729
FONPLATA	172,571	173,155	201,662	201,634
CARGILL	36,285	36,254	42,314	42,243
IDB INVEST	236,929	239,562	279,064	280,949
		1,603,649		1,759,811
Current		232,092		263,563
Noncurrent		1,371,557		1,496,248

All contracts related to foreign funding and to the derivative instruments used to hedge this funding provide for covenants. The Bank monitors and complies with these covenants, which can also be backed by additional agreements (waivers) entered into by the parties.

Covenants require compliance with certain financial and non-financial ratios and these obligations, when applicable, are standardized for foreign loan and financing contracts.

The Bank represents that all conditions contained in these contracts, including those in provided for in additional agreements (waivers), have been met.

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9. Financial liabilities (Continued)

9.2. Borrowings and onlending (Continued)

a) Foreign borrowings (Continued)

Funds by institution of origin

i) CAF - Latin American Development Bank

The financing of US\$100 million obtained from CAF in August 2013, with interest by reference to 6-month Libor plus fixed rate of up to 3.65% p.a. and maturity within 10 years, was released in 4 tranches in different amounts.

In December 2020, BDMG entered into a new contract with CAF, with a credit limit in the amount of US\$100 million, fully draw down on 12/18/2020, with interest by reference to 6-month Libor plus fixed rate of up to 2.5% p.a. and maturity within 6 years.

Tranches released

Tranche	Date of release	Final maturity	Release US\$	Current balance US\$	03/31/2022		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
CAF 1	09/27/2013	09/27/2023	15,000	2,648	12,545	12,686	19,892	20,017
CAF 2	10/21/2013	10/23/2023	30,000	7,179	34,010	34,280	39,684	39,912
CAF 3	12/19/2013	12/19/2023	30,000	7,137	33,811	34,166	39,435	39,822
CAF 6	12/18/2020	12/18/2026	100,000	100,789	477,456	480,604	558,469	561,264
			175,000	117,753	557,822	561,736	657,480	661,015

ii) European Investment Bank (EIB)

In October 2019, BDMG entered into a €100 million agreement with EIB to finance Renewable Energy and Energy Efficiency Projects, which will be released in tranches of different amounts, maturing within 13 years. In March 2020, the Bank received the funds from the 1st tranche, totaling US\$9.3 million, bearing interest at the six-month Libor rate, plus 0.451% p.a. and a 10-year payment term. In December 2020, the Bank received tranches 2 and 3, totaling US\$11.2 million and US\$35.7 million, respectively, subject to interest at a fixed rate of 1.032% p.a. and a 10-year payment term. In July 2021, the Bank received the funds from the 4th tranche, totaling US\$11.6 million, bearing interest at the six-month Libor rate, plus 0.298% p.a. and a 10-year payment term.

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Notes to interim financial statements (Continued)
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9. Financial liabilities (Continued)

9.2. Borrowings and onlending (Continued)

a) Foreign borrowings (Continued)

Funds by institution of origin (Continued)

ii) European Investment Bank (EIB) (Continued)

Tranche	Date of release	Final maturity	Release US\$	Current balance US\$	03/31/2022		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
EIB	03/02/2020	02/20/2030	9,301	9,313	44,115	44,736	52,014	53,018
EIB 2	12/03/2020	12/03/2030	11,241	11,279	53,430	49,705	62,773	61,217
EIB 3	12/03/2020	12/03/2030	35,703	35,824	169,705	157,871	199,379	194,435
EIB 4	07/09/2021	07/09/2031	11,633	11,650	55,190	54,840	65,058	65,059
EIB 5	03/16/2022	03/16/2032	24,854	24,879	117,856	118,958	-	-
			92,732	92,945	440,296	426,110	379,224	373,729

iii) Inter-American Investment Corporation - IDB Invest

On December 18th, 2020, BDMG issued sustainable bonds in the amount of US\$50 million, with registration on the New York Stock Exchange, which were fully acquired by IDB Invest. These bonds subject BDMG to interest at the 3-month USD Libor rate plus 4.25% per annum every quarter. They mature within 7 years, with redemption in six (6) annual installments, and the first installment due on December 29th, 2022.

Tranche released

Tranche	Date of release	Final maturity	Release US\$	Current balance US\$	03/31/2022		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
1	12/29/2020	12/29/2027	50,000	50,000	236,929	239,562	279,064	280,949

iv) Agence Française de Développement (AFD - French Development Agency)

In December 2013, the Bank entered into an agreement with the AFD with a limit of up to €50 million, bearing interest at the six-month Euro Interbank Offered Rate (Euribor), plus 2% p.a. and with maturity of 12 years, to be released in tranches of different amounts.

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9. Financial liabilities (Continued)

9.2. Borrowings and onlending (Continued)

a) Foreign borrowings (Continued)

Funds by institution of origin (Continued)

iv) Agence Française de Développement (AFD - French Development Agency) (Continued)

In August 2020, a new loan agreement was entered into with AFD, releasing €17.5 million on 02/03/2021, bearing interest at the 6-month Euribor rate plus 4.09% p.a. and payment term of 11 years. The purpose of these transactions was the financing of municipal climate-related infrastructure projects and the expansion of basic services.

Tranches released

Tranche	Date of release	Final maturity	Release €	Current balance €	03/31/2021		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
AFD 1(*)	07/22/2014	11/28/2025	9,000	4,020	21,123	21,123	25,306	25,306
AFD 2(*)	10/13/2014	11/28/2025	7,000	3,126	16,429	16,429	19,683	19,683
AFD 3(**)	02/02/2017	11/28/2025	15,000	6,699	35,206	35,900	42,178	42,959
AFD 4	02/03/2021	07/30/2032	17,500	17,602	92,501	93,380	112,264	112,293
			48,500		165,259	166,832	199,431	200,241

(*) No hedges were contracted for funding of the AFD1 and AFD2 tranches, since the funds were transferred to the borrowers with funding charges plus the Bank's remuneration only.

(**) Part of the funding was transferred to a customer under the same financial conditions as contracted with AFD plus the Bank's remuneration. The remaining balance is hedged by swap.

v) Plata Basin Financial Development Fund (FONPLATA)

In May 2020, BDMG entered into an international funding agreement with FONPLATA, a multilateral development bank formed by Argentina, Bolivia, Brazil, Paraguay and Uruguay, for the purpose of structuring credit lines for the municipalities of the state of Minas Gerais.

FONPLATA released, in the same month, a single tranche of US\$36 million, corresponding to the total amount contracted, subject to six-month Libor rate plus 3.02% and a 5-year payment term, including a grace period of two years. Since the agreement has a term of 8 years, the use of the resources will be revolving in this period.

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Notes to interim financial statements (Continued)
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9. Financial liabilities (Continued)

9.2. Borrowings and onlending (Continued)

a) Foreign borrowings (Continued)

Funds by institution of origin (Continued)

v) Plata Basin Financial Development Fund (FONPLATA) (Continued)

Tranche	Date of release	Final maturity	Release US\$	Current balance US\$	03/31/2022		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
FONPLATA	05/21/2021	05/17/2025	36,000	36,429	172,571	173,155	201,662	201,634

vi) Cargill Financial Services International

In September 2020, BDMG entered into a US\$10 million loan agreement with Cargill, and that amount was immediately released in a single tranche, to be paid within 4 years. That amount will bear a variable interest rate to be paid annually, consisting of 3.85% plus the annual Libor rate, plus 0.75% per annum on the principal amount outstanding. This fund will be used to finance production activities in the Minas Gerais agribusiness chain, including the production of agricultural commodities and food products for export.

Tranche	Date of release	Final maturity	Release US\$	Current balance US\$	03/31/2022		12/31/2021	
					Curve R\$	Market R\$	Curve R\$	Market R\$
CARGILL	09/30/2020	09/06/2024	10,000	7,660	36,285	36,254	42,314	42,243

b) Domestic onlending

The onlending refers to obligations arising from resources obtained from funds and official programs to be onlent to finance projects in the state of Minas Gerais. The principal and related charges mature by 2038, and financial charges are defined in the operating policies of each agency or fund that is transferring the resources. The BNDES/FINAME system is the main source of onlending from BDMG to its customers.

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9. Financial liabilities (Continued)

9.2. Borrowings and onlending (Continued)

b) Domestic onlending (Continued)

The balances of obligations are as follows:

	<u>03/31/2022</u>	<u>12/31/2021</u>
BNDES (1)	783,208	820,579
FINAME	617,012	673,781
Funcafé (2)	303,146	406,369
Fungetur (3)	305,132	310,269
FINEP	82,325	88,915
CEF	13,647	13,847
National treasury	9,824	8,430
BNB	7,217	7,835
	<u>2,121,511</u>	<u>2,330,025</u>
Current	934,775	1,054,606
Noncurrent	1,186,736	1,275,419

(1) Brazilian Development Bank (BNDES) funds are mainly to finance long-term investment projects and originate from the following lines of credit:

	<u>03/31/2022</u>	<u>12/31/2021</u>
BNDES FINEM	234,707	230,070
BNDES Automático	214,441	231,223
BNDES Automático PCA	69,791	73,623
BNDES Automático GIRO	31,546	41,294
BNDES Automático PRODECOOP	38,260	41,138
PESA/BNDES	36,702	34,453
BNDES Automático TJLP	27,747	29,967
BNDES FINEM PSI	19,157	20,899
BNDES Automático MODERAGRO	18,315	18,656
BNDES Automático ABC	17,562	15,859
BNDES MPME INOVADORA	15,421	17,850
BNDES Automático Inovagro	14,371	14,733
Other	45,188	50,814
	<u>783,208</u>	<u>820,579</u>

(2) Resources from the Fund for the Defense of the Coffee Economy (Funcafé) are used for financing working capital, storage and acquisition of coffee.

(3) Resources from the General Tourism Fund (Fungetur) are used to finance tourism businesses and service providers related to this sector production chain registered with the Register of Tourism Service Providers (Cadastur).

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10. Provisions

	<u>03/31/2022</u>	<u>12/31/2021</u>
Actuarial obligations (a)	388,769	382,768
Contingent liabilities: tax, labor and civil (b)	227,448	226,039
Provision for other contingencies (c)	8,046	7,618
	624,263	616,425
Current	23,214	23,052
Noncurrent	601,049	593,373

a) Actuarial obligations

This provision, referring to the benefits sponsored by the Bank to its active employees and pensioner members, as detailed in Note 17, is broken down as follows:

	<u>03/31/2022</u>	<u>12/31/2021</u>
Actuarial liability related to the Pension Plan – defined benefit (DB) and variable contribution (VC)	251,108	247,147
Actuarial liability related to the Health Promotion Program (PRO-SAÚDE), and healthcare and dental care plan	122,740	120,812
Actuarial liability related to life insurance	14,921	14,809
Total	388,769	382,768
Current	22,285	22,293
Noncurrent	366,484	360,475

b) Contingent tax, labor and civil liabilities

The Bank is a party to tax, labor and civil proceedings arising in the ordinary course of its activities. These lawsuits may result in the recognition of provisions, based on the legal advisors' assessment of the likelihood of loss.

b.1) *Lawsuits whose risk of loss has been assessed as probable*

Contingent liabilities refer to the lawsuits listed below by nature and changes in the period:

	<u>12/31/2021</u>	<u>Provisions recorded</u>	<u>Restatements</u>	<u>(Write-offs)</u>	<u>03/31/2022</u>
Tax (i)	197,305	37	2,219	-	199,561
Civil (ii)	10,512	-	-	(1,603)	8,909
Labor (iii)	18,222	756	-	-	18,978
Total	226,039	793	2,219	(1,603)	227,448
Current	-	-	-	-	-
Noncurrent	226,039	-	-	-	227,448

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.1) *Lawsuits whose risk of loss has been assessed as probable* (Continued)

i) Legal obligations and tax contingencies

Provisions for tax contingencies refer to liabilities related to taxes for which lawsuits and administrative proceedings are in progress with the Brazilian IRS or the Brazilian Administrative Board of Tax Appeals (CARF). These provisions are set up regardless of their risk assessments whenever the constitutionality of the obligation's triggering event is under discussion.

These provisions are updated on a monthly basis at the SELIC rate and, in the projection of the Bank's P&L, the expected realization of the related tax credits considers the distribution over a 10-year period (Note 14-c).

The table below shows the changes in the provisions for the period:

	<u>12/31/2021</u>	<u>Provision</u>	<u>Restatement</u>	<u>03/31/2022</u>
Change in COFINS tax base - Law No. 9718/1998	128,027	-	1,549	129,576
Change in PIS/PASEP tax base – Law No. 9718/1998	66,321	-	649	66,970
Other contingencies and legal obligations	2,957	37	21	3,015
	<u>197,305</u>	<u>37</u>	<u>2,219</u>	<u>199,561</u>

To guarantee and suspend the requirement to pay the aforementioned tax contingencies, judicial deposits were recorded under "Other receivables – Customers – escrow deposits":

	<u>03/31/2022</u>		<u>12/31/2021</u>	
	<u>Provision</u>	<u>Deposits</u>	<u>Provision</u>	<u>Deposits</u>
Change in COFINS tax base - Law No. 9718/1998	129,576	58,070	128,027	57,462
Change in PIS/PASEP tax base established by Law No. 9718/1998	66,970	66,970	66,321	66,321
Other contingencies and legal obligations	3,015	1,926	2,957	1,908
	<u>199,561</u>	<u>126,966</u>	<u>197,305</u>	<u>125,691</u>

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.1) *Lawsuits whose risk of loss has been assessed as probable* (Continued)

i) Legal obligations and tax contingencies (Continued)

BDMG is a party to a legal proceeding relating to Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and Contribution Tax on Gross Revenue for Social Integration Program (PIS/PASEP) seeking to suspend the requirement to pay such taxes, under the terms of Law No. 9718/1998 which, in addition to imposing COFINS on financial institutions, increased the PIS/PASEP tax base when establishing that revenue encompass gross operating and non-operating revenue. In view of decisions handed down in the course of the proceeding, the Bank made judicial deposits until December 2014 to cover COFINS contributions on service revenue. From January 2015 onwards, when changes introduced by Law No. 12973/2014 became effective, PIS/PASEP and COFINS on all revenues are paid regularly.

Although the risk of this proceeding is classified as a possible loss, the Bank set up a provision for tax contingencies, in line with BACEN Circular Letter No. 3429/2010, which requires the recognition as liabilities of all tax obligations of financial institutions that discuss the constitutionality of the laws that established such obligations, up to the effective extinction of the corresponding tax credits.

ii) Civil contingencies

Provisions for civil suits are set up when the likelihood of loss is assessed as probable in the opinion of legal advisors.

Civil contingencies refer mostly to lawsuits that challenges debt amounts, covenants and interim statute of limitations.

The most significant contingencies, however, refer to two specific suits for collection due to financing not released after being contracted. The provisions are monetarily restated by reference to INPC/IBGE plus, in the case of proceedings for which a sentence has already been handed down, 1% arrears interest per month.

To cover the risks associated with these proceedings, the Bank made judicial deposits recorded in the subaccount "Customers - escrow deposits", in the amount of R\$58 (R\$57 at December 31st, 2021).

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.1) *Lawsuits whose risk of loss has been assessed as probable* (Continued)

iii) Labor contingencies

Labor contingencies whose risk of loss has been assessed as probable refer substantially to claims related to the 7th and 8th hours and the mischaracterization of positions of trust; the validity of the collective bargaining agreement executed with the Union in 1996; the intra-day break of article 384 of the CLT, and the applicable bank divider for calculation of overtime. There are also cases involving subsidiary liability brought against service providers of the Bank. Provisions are updated with the inclusion of the TR index (referential rate) and legal interest of 1% per month.

Judicial deposits of R\$2,823 (R\$2,782 at December 31st, 2021) to appeals associated with labor claims are recorded in the subaccount "Customers – escrow deposits".

b.2) *Lawsuits whose risk of loss has been assessed as possible*

The number and balances of ongoing lawsuits assessed as a possible loss and without provisions are as follows:

	03/31/2022		12/31/2021	
	Number	Balance	Number	Balance
Tax	10	98,126	10	96,847
Labor	1	553	-	-
Civil	35	3,584	29	1,600
	46	102,263	39	98,447

Among the tax proceedings assessed as possible loss and for which no provision was set up, the following are considered significant:

- Fine not included in the amount deposited in court to cover COFINS payments (see Note b)1. (i) above). The restated amount of the fine totals R\$2,920 (R\$2,902 at December 31, 2021).

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.2) *Lawsuits whose risk of loss has been assessed as possible* (Continued)

- COFINS related to the accrual period of 2010-2011 resulting from notice drawn up by the Brazilian IRS, in the restated amount of R\$61,613 (R\$60,826 at December 31, 2021), which discusses the understanding in the notice of adopting a billing concept that is more comprehensive than that provided for in the governing legislation - and consolidated in the Federal Supreme Court of Brazil (STF) - at the time of the notice.

Of the total restated amount of this tax notice, a provision for the restated principal amount is recorded in the amount of R\$31,939 (R\$31,564 at December 31, 2021) as it is a tax obligation under the terms of BACEN Circular Letter No. 3429/2010. The remaining debt, in the total restated amount of R\$29,674 (R\$29,262 at December 31, 2021), referring to automatic fine and charges of the Office of the Attorney General of the National Treasury (PGFN) does not have a provision.

- COFINS related to the accrual period of 2013 resulting from notice drawn up by the Brazilian IRS, in the restated amount of R\$33,424 (R\$32,917 at December 31, 2021), which discusses the understanding in the notice of adopting a billing concept that is more comprehensive than that provided for in the governing legislation - and consolidated in the Federal Supreme Court of Brazil (STF) - at the time of the notice.

Of the total restated amount of this tax notice, a provision for the restated principal amount of R\$18,190 (R\$17,949 at December 31, 2021) is recorded as it is a tax obligation under the terms of BACEN Circular Letter No. 3429/2010. The remaining debt, in the total restated amount of R\$15,233 (R\$14,968 at December 31, 2021) referring to automatic fine and charges of the Office of the Attorney General of the National Treasury (PGFN), does not have a provision.

- COFINS related to the accrual period of 2014 resulting from notice drawn up by the Brazilian IRS, in the restated amount of R\$39,671 (R\$39,039 at December 31, 2021), which discusses the understanding in the notice of adopting a billing concept that is more comprehensive than that provided for in the governing legislation - and consolidated in the Federal Supreme Court of Brazil (STF) - at the time of the notice.

Of the total restated amount of this tax notice, a provision for the restated principal amount of R\$21,377 (R\$21,076 at December 31, 2021) is recorded as it is a tax obligation under the terms of BACEN Circular Letter No. 3429/2010. The remaining debt, in the total restated amount of R\$18,294 (R\$17,963 at December 31, 2021) referring to automatic fine and charges of the Office of the Attorney General of the National Treasury (PGFN), does not have a provision.

- Notice served by the Brazilian IRS in July 2010 referring to differences in the income and social contribution tax calculation in the period from 2005 to 2007. The restated amount of the notice totals R\$10,901 (R\$10,729 at December 31, 2021).

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.2) *Lawsuits whose risk of loss has been assessed as possible* (Continued)

- Notice served by the Brazilian IRS referring to exclusions carried out by the Bank from the Corporate Income Tax (IRPJ) tax base related to tax triggering events in 1997 and 1998. The portion of the notice referring to 1997 is assessed as possible loss, in the restated amount of R\$18,608 (R\$18,489 at December 31, 2021).

b.3) *Guarantees offered in tax proceedings*

The following proceedings have guarantees offered by the Bank:

- Proceeding related to IRPJ for 1997, in the restated amount of R\$18,608 (R\$18,489 at December 31, 2021) for which no provision has been recorded given that the likelihood of loss is assessed as possible. This proceeding arises from the notice served by the Brazilian IRS requiring payment of tax credit referring to the improper exclusion from the debt balance of the difference relating to the monetary adjustment indices Consumer Price Index/National Treasury Bonus (IPC/BTNF – 1990) on the IRPJ taxable base for the base year 1997. The head office of the Bank, located at Rua da Bahia no. 1600, and the attached building located at Rua Bernardo Guimarães no. 1592 have been pledged as collateral for this proceeding and accepted by the Treasury Department.
- Proceeding related to IRPJ for 1998, in the restated amount of R\$54,698 (R\$54,068 at December 31st, 2021) for which no provision has been recorded given that the likelihood of loss is assessed as remote. As a result of this proceeding, the head office of the Bank, located at Rua da Bahia no. 1600, and the attached building located at Rua Bernardo Guimarães no. 1592 have been pledged as collateral and accepted by the Treasury Department.
- Municipal tax collection claim related to Service Tax (ISS) for the accrual period from 05/2009 to 12/2012, for which the Bank pledged as collateral a real property (land) from nonfinancial assets held for sale. The case totals R\$1,290 (R\$1,171 at December 31st, 2021) and no provision has been recorded given the likelihood of remote loss.
- Municipal tax collection claim related to Service Tax (ISS) for the accrual period from 09/2013 to 02/2018, for which the Bank pledged as collateral an urban property (an apartment in Belo Horizonte) from nonfinancial assets held for sale. The case totals R\$687 (R\$616 at December 31st, 2021) and no provision has been recorded given the likelihood of remote loss.

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10. Provisions (Continued)

b) Contingent tax, labor and civil liabilities (Continued)

b.3) *Guarantees offered in tax proceedings* (Continued)

- Administrative tax proceeding involving COFINS for the accrual period of 2010-2011. In view of the unfavorable decision handed down in December 2019 for the administrative tax proceeding involving COFINS for the accrual period of 2010-2011, and as a result of the tax collection claim expected to be filed by the Federal Government (PGFN) for discussion of the COFINS tax credit for the accrual period of 2010-2011, BDMG took out a surety bond in the debt amount, which was accepted at the administrative level at PGFN, on June 22nd, 2021, in guarantee of the proceeding, assessed as possible loss.
- Administrative tax proceeding involving COFINS for the accrual period of 2014. In view of the unfavorable decision handed down in December 2021 for the administrative tax proceeding involving COFINS for the accrual period of 2014, and as a result of the tax collection claim expected to be filed by the Federal Government (PGFN) for discussion of the COFINS tax credit for the accrual period of 2014, BDMG took out a surety bond in the debt amount, which was accepted at the administrative level at PGFN, on December 21st, 2021, in guarantee of the proceeding.
- Administrative tax proceeding involving COFINS for the accrual period of 2013. In view of the unfavorable decision handed down in October 2021 for the administrative tax proceeding involving COFINS for the accrual period of 2013, and as a result of the tax collection claim expected to be filed by the Federal Government (PGFN) for discussion of the COFINS tax credit for the accrual period of 2013, BDMG took out a surety bond in the debt amount, which was accepted at the administrative level at PGFN, on November 25, 2021, in guarantee of the proceeding.

c) Provisions for sundry contingencies

Changes in these provisions for the quarter are as follows:

	12/31/2021	Provisions recorded	Restatements	(Write-offs)	03/31/2022
Attorney's fees (1)	4,998	34	27	(156)	4,903
Guarantee assumed in loans assigned to STN(2)	2,620	528	-	(5)	3,143
	7,618	562	27	(161)	8,046
Current	759				929
Noncurrent	6,859				7,117

(1) Attorney's fees refer to amounts owed by BDMG in contingent tax, labor and civil proceedings, as well as in relation to agreed-upon success fees due with an outsourced law firm regarding a tax proceeding.

(2) The Bank also recognizes provisions for the risk of loss on guarantees of agricultural transactions assumed with the STN due to the likelihood of probable loss.

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11. Other liabilities

Balance breakdown

	<u>03/31/2022</u>	<u>12/31/2021</u>
Financial and development funds (a)	118,532	115,259
Sundry creditors – domestic (b)	33,984	36,631
Provision for payments to be made (c)	18,981	23,014
Current tax liabilities (d)	18,113	39,053
Interest on equity (e)	9,161	118,000
Other	1,660	919
Total	200,431	332,876
Current	92,546	227,566
Noncurrent	107,885	105,310

(a) Financial and development funds - the statement of financial position balance of R\$118,532 (R\$115,259 at December 31, 2021) refers to resources from state funds, funds linked to official agencies and private funds that are made available to the Bank so that it may carry out its activities as a financial agent of these funds.

The various funds in which the Bank operates as a financial agent are controlled by means of individualized accounting groups, held in memorandum accounts (unaudited). The fund assets are as follows:

Fund assets (unaudited)	<u>03/31/2022</u>	<u>12/31/2021</u>
State funds	3,830,471	3,827,273
Private funds	42,196	42,424
Other funds	86,109	84,857
	3,958,776	3,954,554

(b) Sundry creditors – balance breakdown

	<u>03/31/2022</u>	<u>12/31/2021</u>
Deferred revenue	16,666	16,779
Receivables from customers to be offset	6,523	9,023
BACEN Compulsory – Installment payment from enrollment with the Non-Tax Debt Settlement program (PRD) in August 2017	2,660	3,591
Attorney's fees payable (received from customers)	2,359	2,436
Sundry	5,776	4,802
	33,984	36,631

(c) Provision for payments to be made – balance breakdown

	<u>03/31/2022</u>	<u>12/31/2021</u>
Vacation pay, 13 th salary and other charges	14,960	14,321
Employee profit sharing	2,152	7,138
Other	1,869	1,555
	18,981	23,014

(d) Interest on equity - The balance of R\$9,161 refers to interest on equity for 2021 to be paid to shareholders, except to the shareholder State of Minas Gerais, which on February 1, 2022 paid up, using its IOE share in the amount of R\$107,223, a capital increase in the same amount approved by the shareholders at the Special General Meeting held on that date.

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Notes to interim financial statements (Continued)
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12. Equity

a) Capital

The subscribed capital of BDMG comprises 74,775,621,386 (71,093,757,547 at December 31, 2021) registered common shares with no par value, totaling R\$2,218,407 (R\$2,111,184 at December 31, 2021).

Shareholding interest:

Shareholder	Capital breakdown		Equity interest %
	Amount	Number of shares	
State of Minas Gerais	2,015,526	68,282,331,632	91.32
Companhia de Desenvolvimento de Minas Gerais - CODEMGE	184,061	5,890,944,550	7.88
MGI - Minas Gerais Participações	18,820	602,345,163	0.80
Departamento de Edificações e Estradas de Rodagem do Estado de Minas Gerais - DEER-MG	-	41	-
Total	2,218,407	74,775,621,386	100.00

b) Equity adjustments

	03/31/2022	12/31/2021
Mark to market (i)	4,314	5,306
Other equity adjustments (ii)	(133,910)	(133,910)
Total	(129,596)	(128,604)

(i) Mark to market, net of tax effects, refers to adjustments of securities classified as available for sale.

(ii) Other adjustments refer to recognition of costs inherent in the Bank's obligations with employee benefits, which, as established by CPC 33 (R1) Employee Benefits, effective as from January 2013, should be adjusted in equity, net of tax effects.

c) Income reserves

Income reserves amounting to R\$98,089 (R\$98,089 at December 31, 2021) comprise:

- (i) Legal reserve in the amount of R\$10,505, calculated based on 5% of net income; and
- (ii) Special income reserve totaling R\$87,284, referring to undistributed profit for 2021, the allocation of which was approved at the Annual General Meeting held on April 28, 2022. (Note 19)

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Notes to interim financial statements (Continued)
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12. Equity (Continued)

d) Retained earnings

In the first quarter of 2022, net income of R\$29,881 was recorded (R\$25,683 in 1Q2021).

e) Earnings per share

	<u>03/31/2022</u>	<u>03/31/2021</u>
Net income	29,881	25,683
Weighted average number of shares for the period	73,729,638	71,093,758
Basic earnings per share	0.000405	0.000361

f) Recurring and nonrecurring income

The breakdown of recurring and nonrecurring income for 2022 and 2021 is prepared in accordance with BDMG's internal policy, pursuant to BCB Resolution No. 2/2020:

	<u>03/31/2022</u>	<u>03/31/2021</u>
Recurring income	25,683	22,358
Nonrecurring income	-	-
Accounting profit	<u>25,683</u>	<u>22,358</u>

13. Statement of profit or loss accounts

a) Income from loans

	<u>Quarters ended</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>
Income from loans and financing	172,294	140,396
Credits recovered (1)	12,416	119,534
	<u>184,710</u>	<u>259,930</u>

(1) In 2021, the credit recovery was mostly due to renegotiation of a transaction in the amount of R\$114,418 that was written off as a loss, for which a provision of R\$111,182 was recorded in the quarter.

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Notes to interim financial statements (Continued)
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13. Statement of profit or loss accounts (Continued)

b) Gains (losses) on marketable securities and derivative financial instruments, and trading expenses

i) *Gains (losses) on marketable securities and foreign exchange transactions*

	<u>Quarters ended</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>
Gains on exchange transactions (1)	260,818	72,873
Gains on repurchase agreements (2)	36,467	5,063
Gains on fixed income securities	12,009	4,418
Gains on investment funds	6,270	5,630
Other	1,398	43
	<u>316,962</u>	<u>88,027</u>

(1) In 2021, this amount refers to exchange differences of cash and cash equivalents in foreign currency arising from foreign funding and borrowings nationalized during the first quarter. In 2022, the relevant positive result is due to the exchange difference of obligations due to foreign borrowings, arising from the appreciation of the Brazilian currency in the period. From the gains/losses computed as at March 31, 2022, in the amount of R\$260,418, R\$267,982 (R\$0 at March 31, 2021) refers to gains from the decrease in the amount payable of borrowings/onlending in foreign currency, and this amount is matched against loss in the derivative instrument stated in Note 13.b.ii "foreign borrowing expenses".

(2) Gains on repurchase agreements: due to the nationalization of foreign borrowings throughout the current year, there was an increase in the average balance of repurchase agreements, which resulted in an increase in income from these investments.

ii) *Trading expenses*

	<u>Quarters ended</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>
Foreign borrowing expenses, net of the effect of gains (losses) on derivative transactions - swap (1)	(304,739)	(89,465)
BNDES and FINAME onlending expenses	(27,872)	(32,403)
Interbank deposit and repurchase agreement expenses (2)	(20,454)	(6,352)
Onlending expenses – other institutions	(14,289)	(7,978)
Agribusiness credit bill expenses	(9,851)	(5,836)
Expenses with financial and development fund obligations	(2,316)	(593)
	<u>(379,521)</u>	<u>(142,627)</u>

(1) Foreign borrowing expenses – In 2021, these expenses are related to the increase in the average balance of foreign borrowings and to the devaluation of the Brazilian real against the US dollar. In 2022, due to the appreciation of the Brazilian currency, a foreign exchange gain on foreign borrowings was recorded, and the balance was duly reclassified as provided for in Circular Letter BACEN 3731/2015, as shown in Note 13 (a) (i) Gains (losses) on marketable securities and derivative financial instruments.

(2) Interbank deposit and repurchase agreement expenses: The increase in expenses is related to the increase in the average balance of deposits and funding.

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Notes to interim financial statements (Continued)
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13. Statement of profit or loss accounts (Continued)

c) Tax, administrative and personnel expenses, other operating income (expenses), and expenses with provisions

i) *Tax expenses*

	Quarters ended	
	03/31/2022	03/31/2021
PIS and COFINS	(5,790)	(4,433)
Service Tax (ISSQN)	(435)	(373)
Other	(738)	(773)
	(6,963)	(5,579)

ii) *Administrative expenses*

	Quarters ended	
	03/31/2022	03/31/2021
Outsourced services and expert technicians	(2,708)	(2,181)
Depreciation and amortization	(2,163)	(2,288)
Data processing	(2,543)	(1,531)
Advertising and communication	(744)	(649)
Registration	(789)	(717)
Maintenance and materials	(722)	(715)
Rent and infrastructure	(288)	(233)
Travel and transportation	(109)	(92)
Other	(454)	(482)
	(10,520)	(8,888)

iii) *Personnel expenses*

	Quarters ended	
	03/31/2022	03/31/2021
Salaries	(17,297)	(16,304)
Social charges	(6,569)	(5,997)
Benefits	(2,480)	(2,225)
Intern compensation	(687)	(727)
Training	(127)	(32)
Officer and Board member fees	(1,282)	(1,134)
Other	(6)	(4)
	(28,448)	(26,423)

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Notes to interim financial statements (Continued)
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13. Statement of profit or loss accounts (Continued)

c) Tax, administrative and personnel expenses, other operating income (expenses), and expenses with provisions (Continued)

iv) *Other operating income*

	Quarters ended	
	03/31/2022	03/31/2021
Reversal of sundry provisions	2,406	341
Income from court decisions	483	-
Income from restatement - STN	288	1,407
Income from equalization - STN	138	2
Other	904	730
	4,219	2,480

v) *Other operating expenses*

	Quarters ended	
	03/31/2022	03/31/2021
Expenses with agreement - Institute of Integrated Development of (INDI)	(1,706)	(1,497)
Expenses with BDMG Cultural agreement	(1,116)	(1,378)
Expenses with discounts granted on renegotiations	(262)	(710)
Foreign borrowing fees/commissions	(1,270)	(512)
Expenses with bonus and discount on loans	(215)	(380)
Indemnities	(2,230)	(47)
Other	(501)	(623)
	(7,300)	(5,147)

vi) *Expenses with provisions*

	Quarters ended	
	03/31/2022	03/31/2021
Post-employment benefit – private pension plan - VB and VC	(7,327)	(6,572)
Post-employment benefits – health and life insurance	(3,818)	(3,111)
Provision for tax contingencies	(1,004)	(178)
Provision for labor contingencies	(756)	(86)
Provision for agricultural transactions with guarantee	(528)	(246)
Other	(61)	(24)
Provision for civil contingencies	-	(143)
	(13,494)	(10,360)

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Notes to interim financial statements (Continued)
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 (In thousands of reais, unless otherwise stated)

14. Income and social contribution taxes

a) Reconciliation of income and social contribution taxes posted to profit or loss

	<u>Quarters ended</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>
Income before IRPJ, CSLL and profit sharing	56,320	50,704
Profit sharing	(2,420)	(3,972)
Income before income and social contribution taxes	53,900	46,732
Current rates	45%	45%
Income and social contribution taxes at current rates	(24,255)	(21,029)
Effects on tax calculation:		
Nondeductible expenses and nontaxable income	126	(229)
Tax incentives	104	241
Other amounts (1)	6	(32)
Income and social contribution tax expenses	(24,019)	(21,049)
Deferred tax assets	(6,543)	(8,713)
Current income and social contribution taxes payable	(17,476)	(12,336)

b) Tax credits

BDMG tax credits recorded on temporary differences and on income and social contribution tax losses, made in accordance with CMN Resolution No. 4842/2020, considers expectation of realization within 10 years, due to the positive tax results in the projection of profit or loss. These tax results may change, since they are estimated based on internal assumptions and future economic scenarios, and are therefore not directly related to expectation of accounting profits.

Origin of tax credits

	<u>12/31/2021</u>	<u>Accrual</u>	<u>Realization</u>	<u>03/31/2022</u>
Doubtful receivables	300,511	18,167	(21,720)	296,958
Post-employment benefit	172,247	4,937	(2,233)	174,951
COFINS (change in tax base established by Law No. 9718/1998)	43,527	424	-	43,951
Devaluation of marketable securities	50,635	916	(7)	51,544
Change in PIS/PASEP tax base established by Law No. 9718/1998	11,465	-	-	11,465
Civil, labor and tax contingencies	15,944	380	(794)	15,530
Guarantee with STN	1,161	238	(2)	1,397
Other	4,278	13,377	(12,689)	4,966
Total temporary differences	599,768	38,439	(37,445)	600,762
IRPJ tax loss - 25%	18,218	-	(4,196)	14,022
CSLL tax loss - 20%	14,695	-	(3,341)	11,354
Subtotal	632,681	38,439	(44,982)	626,138
Mark to market of marketable securities available for sale	1,374	-	(712)	662
Total tax credits	634,055	38,439	(45,694)	626,800

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14. Income and social contribution taxes (Continued)

b) Tax credits (Continued)

Estimated realization of tax credits on temporary differences and on income and social contribution tax losses:

<u>Year</u>	<u>Nominal value</u>	<u>Present value</u>
2022	55,343	51,433
2023	172,232	145,368
2024	75,684	57,207
2025	72,227	48,891
2026	90,297	54,738
2027	42,309	22,969
2028	31,458	15,294
2029	29,843	12,993
2030	28,818	11,237
2031	28,589	9,983
Total	626,800	430,113

The present value of tax credits was obtained by discounting the future flow of recovery at the average rate of the funding taken out by BDMG of 11.66% p.a. (6.12% p.a. at December 31, 2021).

c) Deferred tax obligations

	<u>03/31/2022</u>	<u>12/31/2021</u>
Deferred income	20,084	20,220
Mark to market of securities available for sale	5,027	6,774
Total	25,111	26,994

15. Transactions with related parties

Pursuant to CMN Resolution No. 4693/2018, the Bank's internal regulations, Law No. 13303/2016, and State Decree No. 47154/2017 regarding this issue, BDMG carried out the following transactions with related parties in 1Q2022:

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15. Transactions with related parties (Continued)

Legal entities

State of Minas Gerais, state departments and Fundação João Pinheiro

- State of Minas Gerais - rendering of services acting as financial agent of the state funds, with a financing balance of R\$ 647,945 at March 31st, 2022 (R\$656,076 at December 31st, 2021). The accrual of commission income, which is an integral part of finance charges of financing agreements, totaled R\$1,474 in 1Q2022 (R\$1,817 in the quarter ended March 31st, 2021);
- In the second half of 2020, BDMG entered into a technical assistance and advisory service agreement with the State of Minas Gerais through the Minas Gerais Infrastructure and Mobility State Office (SEINFRA) to structure the road concession for Ouro Preto – Brumadinho in the amount of R\$5,665, if successful, and R\$3,600, if unsuccessful, effective for 36 months. This agreement did not generate revenue until March 31st, 2022;
- Agreements entered into with the State of Minas Gerais through the Economic Development Office (SEDE) with the following objectives, amounts and estimated deadlines for execution:
 - Agreement 9263359/2020, entered into in November 2020, totaling R\$1,904, for the provision of advisory and technical assistance services for scenario diagnosis, economic-financial feasibility assessment, legal analysis and modeling of the privatization of MGS, including specialized and accessory services. For fulfillment of the agreement, the Bank received R\$1,904 in 2021.
 - Agreement 01/2021 entered into in February 2021. Provision of advisory and technical assistance services for the preparation of economic and financial feasibility study, legal analysis, modeling, monitoring of the bidding procedure for engagement of market agent(s) specialized in structuring, constitution, administration, custody and operation of the Real Estate Investment Fund (FII), in which real estate assets of Cohab Minas will be paid in, as well as monitoring of the proposed measures presented by the engaged agent in the pre-operational phases of the FII, namely its Constitution and Operation. Total compensation: R\$1,590. Estimated deadline for completion as from the agreement effectiveness date: 75 weeks. In the quarter, the Bank received R\$1,225 (R\$0 at March 31st, 2021) for completion of the 1st front of this agreement.

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Notes to interim financial statements (Continued)
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15. Transactions with related parties (Continued)

Legal entities (Continued)

State of Minas Gerais, state departments and Fundação João Pinheiro (Continued)

- Agreement 02/2021 entered into February 2021. Provision of advisory and technical assistance services for the preparation of the procedures for divestment of CODEMGE assets, distributed among equity interests and silent partnership, interests in equity investment funds and real estate with activities of a business nature; and the provision of advisory and technical assistance services to monitor the execution of alternatives for the divestment of certain assets, in the specific cases of equity interests and silent partnership, and interests in equity investment funds. Total compensation: R\$19,989. Estimated deadline for completion as from the agreement effectiveness date: 105 weeks. In 2021, the Bank recorded total revenue of R\$4,573 from completion of the 1st, 2nd, 3rd and 4th fronts of this agreement.
- Agreement 03/2021 entered into in March 2021. Provision of advisory and technical assistance services for corporate restructuring aiming at the future privatization of Companhia de Desenvolvimento Econômico de Minas Gerais – CODEMIG. Total compensation: R\$4,322. Estimated deadline for completion as from the agreement effectiveness date: 80 weeks. No revenues related to this agreement were recorded.
- State Agriculture, Livestock and Supply Department (SEAPA): assignment of one employee at no cost for the Bank;
- State Department of Planning and Management - SEPLAG: the Department assigned four employees at a cost for the Bank, two of them until November 2021. In 1Q2022, expenses with these assignments totaled R\$178 (R\$142 in the quarter ended March 31, 2021).
- Fundação João Pinheiro, public institution linked to the State Department of Planning and Management: In compliance with State Law No. 11050/1993, the Bank's Bylaws authorize the donation of 5% of the net income for the year to the Foundation, unless accumulated losses are recorded. BDMG has, at no cost, an employee assigned to the Foundation.

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Notes to interim financial statements (Continued)
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15. Transactions with related parties (Continued)

Legal entities (Continued)

Direct related parties

- Institute of Integrated Development of Minas Gerais (INDI), a nonprofit private legal entity linked to the State Economic Development Department. As established by state Law No. 22287 of September 14, 2016, INDI is an associate of BDMG, which holds 50% of INDI's units of interest, answering for contribution of financial resources equivalent to 50% of the entity's expenses. In the quarter ended March 31, 2022, expenses with INDI amounted to R\$1,706 (R\$1,497 in the quarter ended March 31, 2021);
- DESBAN – BDMG Social Security Foundation, a nonprofit privately-held supplementary pension plan entity, sponsored by BDMG, which, as detailed in Note 17, make contributions to the Foundation in order to provide social security and healthcare benefits for its employees. BDMG assigns one employee to DESBAN, which bears the employee-related costs;
- AFBDMG - BDMG Employee's Association, a nonprofit association that manages the Group Life Insurance described in Note 17.a) (iii);
- Instituto Cultural Banco de Desenvolvimento de Minas Gerais - BDMG Cultural, a nonprofit civil association, organized by BDMG in conjunction with BDMG Employee's Association (AFBDMG) to create a space for fostering culture in Minas Gerais. The Bank maintains BDMG Cultural by assigning five employees at a cost for the Bank, in addition to making contributions to the Institute. In 1Q2022, contributions to BDMG Cultural totaled R\$1,116 (R\$1,378 in the quarter ended March 31, 2021);
- BIOMM S.A. - Publicly-traded company, incorporated in the city of Nova Lima, Minas Gerais State, on October 3, 2001. The Bank holds 5.97% of the company's capital, given that it absorbed, in September 2018, the shares its subsidiary BDMGTEC, then extinguished, held in the company. As of that date, pursuant to CMN Resolution No. 4636/2018, the Company became a related party given that the Bank has an executive board member in BIOMM's Board of Directors. The Bank has financing that was granted to the company before becoming its shareholder. As at March 31, 2022, the balance of such financing totals R\$17,576 (R\$18,357 at December 31, 2021).

Individuals

The members of the Board of Directors, the Supervisory Board, the Audit Committee and the Executive Board are related parties of the Bank and receive fees comprising salaries, social charges and benefits. In 1Q2022, these expenses total R\$1,736 (R\$1,561 at March 31, 2021).

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Notes to interim financial statements (Continued)
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16. Risk and capital management

BDMG's risk and capital management seeks to ensure adequate control of its activities in order to obtain the best possible return on the level of risk that the Bank is willing to assume.

16.1. Capital management

a) Capital management

In compliance with CMN Resolution No. 4557/2017, the objective of management of BDMG capital is to ensure the maintenance of adequate capital to carry out the Bank's strategic planning, while observing the risks inherent in the business and mechanisms for triggering measures to cope with stress situations.

The Bank has institutional structures and policies for management of operational risk, market risk, credit risk, liquidity risk and capital management approved by the Board of Directors. The basic principles observed in the management and control of risks and capital were established in accordance with current regulations and market practices.

BDMG's capital management structure is as follows:

- Board of Directors;
- Risk and Capital Committee;
- Executive Board;
- Officer in charge of capital management;
- Chief Risk Officer (CRO);
- Unit in charge of capital management;
- Unit in charge of integrated risk management;
- Other units that may be involved in the capital management process.

The responsibilities of the capital management structure are described below:

- Continuous monitoring in order to maintain the Regulatory Capital, Tier I Capital and Core Capital at levels compatible with the risks incurred;
- Capital management systems, routines and procedures;

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Notes to interim financial statements (Continued)
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16. Risk and capital management (Continued)

16.1. Capital management (Continued)

a) Capital management (Continued)

- Assessment of impacts on Capital of P&L arising from scenario projection;
- Capital Plan;
- Capital Contingency Plan;
- Timely management reports to the Executive Board, Risk and Capital Committee and the Board of Directors.

The capital management structure, as well as the information on risk and capital management in the Basel III Monitoring Report, is described at <https://www.bdmg.mg.gov.br/transparencia-documentos/?demonstracoes>

To assess the sufficiency of capital to face possible risks in carrying out its activities and to comply with regulatory operating limits, an annual capital plan is prepared, consistent with the Bank's strategic planning.

b) Regulatory capital

BDMG monitors the minimum capital requirements, the solvency ratios and the operational limits in accordance with the determinations and set of regulations established by the Central Bank, in line with the recommendations of the Basel Committee on Banking Supervision. The key figures that determine the calculation and determination of the capital ratios are as follows:

	<u>03/31/2022</u>	<u>12/31/2021</u>
Equity	2,216,781	2,080,669
Capital requirement (Tier I) or Core capital (a)	2,107,559	1,954,801
Capital for operations with the public sector (b)	400,000	400,000
Capital requirement (a-b)	1,707,559	1,554,801
Total risk weighted assets (RWA)	<u>6,367,878</u>	<u>6,252,503</u>
Credit risk	5,457,860	5,384,629
Market risk	256,346	191,737
Operational risk	653,672	676,137
Portion of capital for coverage of interest rate risk of non-negotiable portfolio (RWA RBAN)	68,834	69,591
Minimum capital requirement	705,622	694,841
Basel ratio (Core Capital/RWA)	26,82%	24,87%
Extended Basel ratio (Core Capital/(RWA + RBAN))	26,53%	24,59%

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Notes to interim financial statements (Continued)
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16. Risk and capital management (Continued)

16.1. Capital management (Continued)

c) Sensitivity analysis

In compliance with article 35 of BCB Resolution No. 2/2021, BDMG performs a sensitivity analysis to recognize the carrying values that may change as a result of changes in the methods, assumptions and estimates considered for the next fiscal year. Based on the projection prepared within the scope of the 2021 financial statements, the variables whose fluctuations have a more immediate impact on profit or loss for the current year, i.e. allowance for loan losses, credit recovery and service revenue, were stressed.

Sensitized variable	Impact on P&L (net of taxes)			
	10% worse	20% worse	30% worse	40% worse
Allowance for loan losses	(3,575)	(7,150)	(10,725)	(14,300)
Credit recovery	(2,750)	(5,500)	(8,250)	(11,000)
Services	(476)	(952)	(1,429)	(1,905)

The sensitivity analysis for the actuarial liability is shown in Note 17 c (iv).

16.2. Risk management

Risk management aligned with strategic guidelines is committed to the ethical standards of conduct and reliability of the Bank, always seeking convergence of methodologies and internal models to the Basel Accords and compliance with the recommendations from the regulatory agencies, with observance of CMN Resolutions No. 4557/2017 and No. 4595/2017, aligned with the best risk management practices.

The Risk Management mission at BDMG is to manage credit, market, liquidity, operational, and social and environmental risks so as to mitigate them and optimize the operating effectiveness and profit or loss. Accordingly, the Bank adopts practices in line with the nature and specific characteristics of its operations.

The governance structure consists of the Board of Directors, Audit Committee, Internal Audit, Independent Audit, Risk and Capital Committee, Executive Board, Planning, Operations and Risk Board, Internal Control and Risk Supervisory Board and other units in charge of managing risks in the first line of defense.

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16. Risk and capital management (Continued)

16.2. Risk management (Continued)

Credit risk

The Credit Risk Management Policy establishes limits for credit risk exposure by customer, economic group, economic dependence, and monitoring of the receivables portfolio quality; decision-making levels and criteria to analyze and monitor receivables, seeking to align decisions with the Bank's risk appetite.

Operational risk

The Operational Risk Management Policy establishes roles, responsibilities and own methodology for management of such risks for the Bank, in order to identify, assess and adequately respond to risks.

Compliance risk

The Compliance Risk Management Policy establishes roles and responsibilities in the Bank's compliance risk management process to ensure that its activities are in compliance with the internal and external regulations.

Liquidity risk

The Liquidity Risk Management Policy establishes roles and responsibilities, exposure limits, and reporting levels, for the purpose of preparing the Bank to support adverse scenarios, considering different time frames. It addresses situations in which the contingency plan is triggered, which includes the set of strategies and measures to be taken, seeking adjustment of the limits established. This policy also provides for monitoring of action plans defined and reporting of the results to Senior Management.

Market risk

The Market Risk Management Policy establishes roles and responsibilities, operational limits, reporting levels and the means that must be worked on to minimize the adverse effects of this risk on the Bank's economic and financial results, respecting the adequacy to the defined risk appetite.

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Notes to interim financial statements (Continued)
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16. Risk and capital management (Continued)

16.2. Risk management (Continued)

Social and environmental risk

The Social and Environmental Responsibility Policy establishes roles, responsibilities, its own methodology for identifying and assessing social and environmental risk and criteria for analyzing and monitoring operations.

The description of these risk management structures, as well as other information on risk management, is available on BDMG website (<http://www.bdmg.mg.gov.br>).

Sensitivity analysis for market risk

Financial instruments are classified in the banking book, following a conservative strategy for allocation of resources established by management, observing the best market practices and rating criteria established by regulatory agencies. BDMG's exposure in the banking book consists essentially of loans and funding, possibly hedged, as well as marketable securities transactions.

The Economic Value of Equity (EVE) approach was considered for the sensitivity analysis, which assesses the impact of changes in interest rates on the present value of the cash flows of instruments classified in the Institution's banking book.

Delta EVE measures the difference between the present value of the sum of the repricing flows of instruments subject to interest rate risk in a base scenario and in an interest rate shock scenario.

The table below summarizes the sensitivity values for the parallel scenario of increase and the parallel scenario of decrease, calculated by Delta EVE, referring to the banking book position as of March 31st, 2022.

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16. Risk and capital management (Continued)

16.2. Risk management (Continued)

Sensitivity analysis for market risks (Continued)

December 2021	Δ EVE	Δ EVE
	Parallel shock increase	Parallel shock decrease
Coupon rate DOLLAR	1,998	-2,129
Coupon rate EURO	-1,258	1,294
Fixed rate	26,796	-29,763
Coupon rate IPCA	3,437	-3,838
Coupon rate IGPM	12,918	-13,584
Coupon rate TJLP	8,128	-10,992
Coupon rate TLP	5,681	-7,097
Coupon rate TRD	9,876	-26,485
TOTAL BRL	66,837	-91,759
Δ EVE	68,834	1,294

Note: Variation measures have losses represented by positive values, as per paragraph 3, article 13 of Circular No. 3876, whose methodology is adopted for this sensitivity test.

The standardized scenarios of interest rate shocks (increase and decrease) were used, according to BACEN regulations for financial institutions scoped under size S3, as is the case of BDMG, where the shocks of 400bps were applied to instruments linked to risk factors in local currency, and of 200bps for Dollar and Euro Coupon rates.

17. Employee benefits

As mentioned in Note 3.19, BDMG grants its employees the following post-employment benefits: private pension plan benefits, health and dental care, life insurance and benefits related to the Voluntary Resignation Program, when this program is implemented.

The benefits granted are recognized in accordance with CPC 33 (R1) - Employee Benefits, which requires that actuarial studies be carried out regularly to substantiate the benefits accounted for. As such, the Bank defined that two actuarial studies would be conducted in the year to support the financial statements: actuarial calculation for the statements of financial position in December and actuarial restatement in the statements of financial position in June, considering the statement of financial position of December of the prior year.

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17. Employee benefits (Continued)

a) Characteristics of the benefit plans

i) *Pension plan*

BDMG sponsors defined benefit and variable contribution pension plans, administered by DESBAN - BDMG Social Security Foundation, a nonprofit privately-held supplementary pension plan entity. The objective of both plans is to ensure that participating employees and their beneficiaries are granted portions supplementing the General Social Security Regime (RGPS).

Defined benefit pension plan

The defined benefit pension plan, which has been closed to new participants since November 11st, 2011, is based on a capitalization financial regime for calculation and accrual of its reserves, which result from the participant's and sponsor's contributions. The sponsor's contributions are limited to the total of regular participants' contributions, taking into consideration their specific characteristics, in conformity with the matching contribution determined in Constitutional Amendment No. 20/1998.

BDMG's defined benefit plan in 2015 had the following technical deficit to be restructured. Regarding this plan, it is also necessary to comply with article 29 of Resolution No. 26 of September 29th, 2008, issued by the Board for Management of Supplementary Pension Plans ("CGPC"), in force at that time, which established the mandatory restructuring of the plan's deficit between the participants (active employees, pensioner members, and surviving spouse) and sponsors, taking into consideration the proportion of the regular contributions made in the year when the deficit occurs.

The data on the amount of the deficit and deadlines for restructuring, as well as the respective updates are presented in the table below:

	Restructuring - Desban in 2015	Restructuring - Sponsor in 2020 (*)	Restructuring - Sponsor in 2021 (**)
Amount of the restructuring	28,136	33,870	34,794
Sponsor's share	14,068	16,935	17,397
Participant's share	14,068	16,935	17,397
Deadline for restructuring	20 years	2021 to 2036	2022 to 2036

(*) The restructuring amount defined according to the flow of liability discounted to present value, in accordance with the assumptions defined in BDMG's actuarial assessment in December 2020.

(**) The restructuring amount defined according to the flow of liability discounted to present value, in accordance with the assumptions defined in BDMG's actuarial assessment in December 2021.

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17. Employee benefits (Continued)

a) Characteristics of the benefit plans (Continued)

i) *Pension plan* (Continued)

Defined benefit pension plan (Continued)

When considering the best estimate to be adopted for recognition of the deficit restructuring amount, the Bank considered the legal and regulatory framework that is necessary for calculation of the actuarial liability of public entities that sponsor supplementary pension plans.

Accordingly, an equal apportionment between the participants (50%) and the sponsors (50%) was established. The actuarial deficit portion for which the Bank, as a sponsor, is responsible, is recorded as liabilities.

This condition was accepted by DESBAN's Decision Making Committee, as registered in the minutes of the 282nd meeting held on December 27th, 2016: "equitable apportionment between the participants (50%) and the sponsors (50%) will be considered not only for the current Restructuring Plan, but also for any other deficit restructuring plans that may be required in the future, provided the same legal and regulatory basis remains effective".

The lifetime annuity benefits granted to a pensioner member and retirement benefits granted to two retired former employees, for not having been hired under the Consolidation of the Labor Laws ("CLT") regime at the time the Bank was still an autonomous government agency, are recorded together with the actuarial liabilities of the Defined Benefit Pension Plan (DB).

Variable contribution plan

The variable contribution pension plan, created on January 13th, 2011, consists of a defined contribution plan in the savings structuring stage, becoming a defined benefit structure through the guarantee of a life monthly annuity after it is granted.

BDMG's contribution to this plan is also limited to the total regular participant contributions, in conformity with the matching contribution set forth in Constitutional Amendment No. 20/1998.

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Notes to interim financial statements (Continued)
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17. Employee benefits (Continued)

a) Characteristics of the benefit plans (Continued)

ii) *Healthcare and dental care benefit*

PRO-SAÚDE is a Private Healthcare Plan that provides coverage for medical and dental expenses to active participating employees and their dependents, as described in Note 3.19, managed by DESBAN and operating under the capitalization regime. This benefit is guaranteed to active participants, while in this condition, to retirees who were already retired on February 22nd, 2018, as well to as those who retired under the conditions established by the Voluntary Resignation Program, whose membership period ended on April 30th, 2018.

iii) *Group life*

The Bank sponsors post-employment group life insurance exclusively to the retirees who, on February 22nd, 2018, already had this benefit. This benefit is ensured to active employees only for the period in which they remain as such. The Bank contributes with 50% of the premium paid.

iv) *Voluntary resignation program*

In order to benefit employees in conditions to retire, the Bank offers this Program available to employees who meet the requirements established therein. The program was opened on May 5th, 2020, with a 15-day enrollment period from that date.

b) BDMG participants in the pension plans

The number of participants is distributed as follows:

	<u>03/31/2022</u>	<u>12/31/2021</u>
Plans:		
Defined benefit (DB) - pensioner members	534	534
Defined benefit (DB) – active participants	220	221
Variable contribution (VC) – active participants	70	69
Defined benefit (DB) – self-sponsored participants	9	8
Benefits paid directly by the Entity (1)	3	3
Variable contribution (VC) – pensioner members	1	1
Total	<u>837</u>	<u>836</u>

(1) Refers to life annuity granted to a pensioner member and retirement benefits granted to two retired former employees, for not having been hired under the Consolidation of the Labor Laws (CLT) regime at the time the Bank was still an autonomous government agency, as explained in Note 3.19 (v).

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Notes to interim financial statements (Continued)
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17. Employee benefits (Continued)

c) Bank commitments on benefit plans

In compliance with its benefit plan obligations, BDMG made the following contributions for both active employees and pensioner members:

	Quarters ended	
	03/31/2022	03/31/2021
Pension plan - DB	3,017	2,806
Health Promotion Program PRÓ-SAÚDE	2,089	2,084
Group life insurance	288	291
Pension plan - VC	195	166
Total	5,589	5,347

i) *Changes in net actuarial liabilities*

The net amounts of obligations with defined benefit plans, pursuant to CPC 33 (R1), arise from the following changes in the period:

	Pension plan - DB		Pension plan - VC		Health Promotion Program PRÓ-SAÚDE		Group life insurance	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Reconciliation (liabilities)/assets recognized								
Opening (liabilities), net	(364,264)	(380,793)	-	-	(120,812)	(145,566)	(14,809)	(18,957)
Participant's portion in surplus (-)/deficit (+)	117,117	118,171	-	-	-	-	-	-
Opening (liabilities), net (1)	(247,147)	(262,622)	-	-	(120,812)	(145,566)	(14,809)	(18,957)
(Expenses)/income recognized in profit or loss for the period	(7,155)	(27,219)	(8)	(20)	(3,436)	(11,606)	(382)	(1,526)
Gains/(losses) recognized in equity (2)		29,346		(43)		30,319		4,586
Employer's contributions	3,017	12,658	16	63	1,508	6,041	270	1,088
Benefits paid directly by the Company	169	690	-	-	-	-	-	-
Closing (liabilities), net (1)	(251,116)	(247,147)	8	-	(122,740)	(120,812)	(14,921)	(14,809)

(1) Refers to the portion of actuarial responsibility of the sponsor, after calculating the risk sharing effect with the active participants and pensioner members.

(2) Actuarial gains/(losses) are recorded in "Other equity adjustments" in equity, as mentioned in Note 12.b.ii.

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17. Employee benefits (Continued)

c) Bank commitments on benefit plans (Continued)

i) *Changes in net actuarial liabilities* (Continued)

Amounts recognized in P&L

Expenses with defined benefit plans are detailed below:

	01/01/2022 to 03/31/2022				Total
	Pension plan - DB	Pension plan - VC	Health Promotion Program PRÓ-SAÚDE	Group life insurance	
Current service cost	(818)	(9)	-	-	(827)
Cost of interest, net	(6,337)	1	(3,143)	(382)	(9,861)
Expected contributions for administrative expenses	-	-	(293)	-	(293)
(Expenses) income recognized in profit or loss (1)	(7,155)	(8)	(3,436)	(382)	(10,981)
	01/01/2021 to 03/31/2021				
	Pension plan - DB	Pension plan - VC	Health Promotion Program PRÓ-SAÚDE	Group life insurance	Total
Current service cost	(2,020)	(9)	-	-	(2,029)
Cost of interest, net	(4,392)	1	(2,485)	(324)	(7,200)
Expected contributions for administrative expenses	-	-	(302)	-	(302)
(Expenses) income recognized in profit or loss (1)	(6,412)	(8)	(2,787)	(324)	(9,531)

(1) Expenses accounted for the quarter were segregated as follows: R\$1,934 (R\$2,931 at March 31, 2021) referring to benefits to be granted (active employees) and R\$9,047 (R\$6,600 at March 31, 2021) referring to benefits granted (pensioner members). For the VC Pension Plan, the contributions related to the defined contribution portion (DC), recorded in expenses, amounted to R\$173 (R\$152 at March 31, 2021).

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17. Employee benefits (Continued)

d) Actuarial studies

The actuarial liabilities were calculated by an independent actuary using the Projected Unit Credit method, and the studies prepared as at December 31st, 2021 are in effect.

i) *Statement of calculation and changes in net actuarial liabilities*

	Pension plan - DB		Pension plan - VC		Health Promotion Program PRO-SAÚDE		Group life insurance	
	Year	Year	Year	Year	Year	Year	Year	Year
	2021	2020	2021	2020	2021	2020	2021	2020
(Deficit)/surplus calculated								
Actuarial obligations determined on actuarial assessment	(1,302,218)	(1,456,645)	(833)	(1,112)	(150,202)	(172,570)	(14,809)	(18,957)
Fair value of plan assets	937,954	1,075,852	2,188	2,119	29,390	27,004	-	-
(Deficit)/surplus calculated	(364,264)	(380,793)	1,355	1,007	(120,812)	(145,566)	(14,809)	(18,957)
Asset ceiling effect, additional liabilities and risk sharing								
Asset ceiling effect	-	-	(1,355)	(1,007)	-	-	-	-
Risk sharing (Deficit to be shared x 50%)	117,117	118,171	-	-	-	-	-	-
Closing asset ceiling effect, additional liabilities and risk sharing	117,117	118,171	(1,355)	(1,007)	-	-	-	-
Net (liabilities)/assets determined								
((deficit)/surplus determined less asset ceiling effect and additional liabilities) (1)	(247,147)	(262,622)	-	-	(120,812)	(145,566)	(14,809)	(18,957)
Opening fair value of assets	1,075,852	1,096,708	2,119	1,906	27,004	25,171	-	-
Benefits paid in the period using plan assets	(81,147)	(77,090)	(29)	(20)	(6,732)	(6,927)	-	-
Participant's contributions in the period	6,040	5,794	63	57	-	-	-	-
Employer's contributions in the period	12,658	12,048	64	57	6,041	5,633	-	-
Earnings expected from assets	88,555	66,220	198	123	2,390	1,578	-	-
Gains/(losses) on fair value of plan assets (2)	(164,004)	(27,828)	(227)	(4)	687	1,549	-	-
Closing fair value of assets	937,954	1,075,852	2,188	2,119	29,390	27,004	-	-

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17. Employee benefits (Continued)

d) Actuarial studies (Continued)

i) *Statement of calculation and changes in net actuarial liabilities* (Continued)

	Pension plan - DB		Pension plan - VC		Health Promotion Program PRO-SAÚDE		Group life insurance	
	Year	Year	Year	Year	Year	Year	Year	Year
	2021	2020	2021	2020	2021	2020	2021	2020
Opening actuarial obligations	(1,456,645)	(1,429,560)	(1,112)	(1,049)	(172,570)	(152,012)	(18,957)	(19,439)
Cost of current service, net	(6,779)	(7,974)	(23)	(39)	-	-	-	-
Participant's contributions in the period	(6,040)	(5,794)	(63)	(57)	-	-	-	-
Interest on actuarial obligations	(117,895)	(87,017)	(89)	(64)	(13,055)	(9,375)	(1,526)	(1,174)
Benefits paid in the period	81,837	77,464	29	20	5,791	5,846	1,088	1,106
Gains/(losses) on actuarial obligations (2)								
Actuarial gain/(loss) – changes in financial assumptions	307,099	20,900	480	122	33,419	(16,511)	3,820	520
Actuarial gain/(loss) – changes in demographic assumptions	(27,567)	-	19	-	(7,223)	-	540	-
Actuarial gain/(loss) – experience adjustments	(76,228)	(22,583)	(74)	(45)	3,436	(518)	226	30
Transfer from life annuity (other obligations)	-	(2,081)	-	-	-	-	-	-
Closing actuarial obligations	(1,302,218)	(1,456,645)	(833)	(1,112)	(150,202)	(172,570)	(14,809)	(18,957)

	Pension plan - DB		Pension plan - VC		Health Promotion Program PRO-SAÚDE		Group life insurance	
	Year	Year	Year	Year	Year	Year	Year	Year
	2021	2020	2021	2020	2021	2020	2021	2020
Determination of deficit to be shared								
(Deficit)/surplus determined eligible for sharing (1)	(358,877)	(375,365)	-	-	-	-	-	-
Employer's obligation with future contributions (Regular contributions)	107,246	122,088	-	-	-	-	-	-
Employer's obligation with future contributions (ad hoc contributions – deficit restructuring 2015)	17,397	16,935	-	-	-	-	-	-
(Deficit) to be shared	(234,234)	(236,342)	-	-	-	-	-	-

Asset ceiling, minimum funding requirements and risk sharing

Opening asset ceiling effect, additional liabilities and risk sharing	118,171	97,001	(1,007)	(857)	-	-	-	-
Interest expected on asset ceiling effect, additional liabilities and risk sharing	8,900	6,144	(106)	(57)	-	-	-	-
Gains/(losses) on asset ceiling effect, additional liabilities and risk sharing (2)	(9,954)	15,026	(242)	(93)	-	-	-	-
Closing asset ceiling effect and additional liabilities	117,117	118,171	(1,355)	(1,007)	-	-	-	-

(1) Portion of the deficit of the Defined Benefit Pension Plan before the inclusion of the actuarial obligation with the statutory retirees and lifetime pension, which totaled R\$5,387 at 12/31/2021.

(2) Actuarial gains/(losses) are recorded in "Other equity adjustments" in equity, as mentioned in Note 12.bii.

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17. Employee benefits (Continued)

d) Actuarial studies (Continued)

ii) *Allocation of the fair value of plan assets*

The plan assets at December 31st, 2021 and 2020 are allocated by category of assets, as follows:

Pension plan - DB	2021	2020
Available	0.01%	0.00%
Realizable – Pension plan management	0.55%	0.49%
Realizable – Administrative management	0.82%	0.68%
Government bonds	42.12%	37.71%
Investment funds	46.81%	52.34%
Private credits	0.51%	0.43%
Real estate investments	2.17%	2.07%
Loans and financing	0.78%	0.77%
Judicial deposits	6.23%	5.51%
Total	100.00%	100.00%

Pension plan - VC	2021	2020
Available	0.01%	-
Realizable – Pension plan management		
Realizable – Administrative management	1.41%	1.12%
Investment funds	97.33%	97.57%
Loans and financing	1.25%	1.31%
Total	100.00%	100.00%

Health Promotion Program PRÓ-SAÚDE	2021	2020
Available	0.08%	0.07%
Investments linked to technical reserves	6.70%	6.66%
Unrestricted investments	39.39%	35.31%
Credits from health plan operation	0.48%	0.52%
Credits from operation not related to health plan of the operator	0.37%	0.21%
Government bonds	41.67%	46.02%
Long-term receivables	11.31%	11.21%
Total	100.00%	100.00%

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17. Employee benefits (Continued)

d) Actuarial studies (Continued)

iii) *Key assumptions used in the actuarial valuation*

The actuarial studies that report BDMG's obligations at December 31st, 2021 and 2020 are based on the following assumptions:

	2021	2020
Statutory discount rate for the actuarial liability		
Pension plan - DB	10.7199%	6.9148%
Pension plan - VC	10.7360%	7.2442%
Health Promotion Program PRÓ-SAÚDE	10.7888%	7.0035%
Group life insurance	10.7839%	7.0528%
Expected annual nominal rate of return on investments		
Pension plan - DB	10.7199%	6.9148%
Pension plan - VC	10.7360%	7.2442%
Health Promotion Program PRÓ-SAÚDE	10.7888%	7.0035%
Estimated future annual inflation rate	5.03%	3.32%
Nominal rate of future salary growth:		
BDMG (PCS)	7.78%	6.03%
BDMG (CC)	5.74%	4.02%
Health Care Cost Trend Rate - HCCTR (1)	4.10%	3.75%
Turnover:		
Up to 39 years of age	4.00%	4.00%
More than 39 years of age	0.30%	0.30%
General actuarial table	AT-2012 Basic IAM downrated by 20%, segregated by gender.	AT-2012 Basic IAM downrated by 10%, segregated by gender.
Disability table	Adjusted Álvaro Vindas downrated by 70%.	Adjusted Álvaro Vindas downrated by 70%.
Disability mortality table	Winklevoss downrated by 50%.	Winklevoss downrated by 50%.
Structure of surviving families	Benefits to be granted: average family structure assumption:	Benefits to be granted: average family structure assumption:
	<ul style="list-style-type: none"> • Percentage of married individuals (dependents): 86.30%; • Woman spouse five years younger than the policyholder; • Age of youngest child (Z): $Z = 24 - \text{MAX}[(63-X)/2;0]$, where "x" is the policyholder's age 	<ul style="list-style-type: none"> • Percentage of married individuals (dependents): 86.30%; • Woman spouse five years younger than the policyholder; • Age of youngest child (Z): $Z = 24 - \text{MAX}[(63-X)/2;0]$, where "x" is the policyholder's age
	Benefits granted: Actual family.	Benefits granted: Actual family.

(1) Applicable solely to the Health Plan.

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17. Employee benefits (Continued)

d) Actuarial studies (Continued)

iv) *Sensitivity of the defined benefit obligation*

Changes in assumptions underlying actuarial studies may have effects on the value of the defined benefit obligation.

The table below shows, in percentages, how the defined benefit obligation is affected if changes occur in the following actuarial assumptions:

	Altered assumption							
	Increase of 0.5% p.a. in discount rate	Decrease of 0.5% p.a. in discount rate	Increase of 1 year in life expectancy	Decrease of 1 year in life expectancy	Increase of 0.5% in salary growth rate	Decrease of 0.5% in salary growth rate	Increase of 0.5% in HCCTR	Decrease of 0.5% in HCCTR
Pension plan - DB	-4.90%	5.40%	1.91%	-1.96%	0.87%	-0.82%	N/A	N/A
Pension plan - VC	-12.13%	14.72%	-0.76%	0.91%	7.85%	-6.80%	N/A	N/A
Health Promotion Program PRO-SAÚDE	-5.51%	6.06%	4.50%	-4.45%	-	-	6.24%	-5.75%
Group life insurance	-5.55%	6.08%	-3.46%	3.53%	-	-	N/A	N/A

v) *Projected cash flow*

The actuarial studies made for the December 31, 2021 reporting date included the following estimates for payment of benefits and contributions of the sponsor for 2022:

Estimated cash flow	Pension plan - DB	Pension plan - VC (1)	Health Promotion Program PRO-SAÚDE	Group life insurance	Total
Expected benefit payments using plan assets	99,028	75	6,665	1,136	106,904
Expected benefit payments directly by the company	742	-	-	-	742
Expected employer contributions	14,651	74	6,318	1,136	22,179

(1) The expected sponsor contribution presented refers to contributions to benefits or risk of Pension Benefits, of the Variable Contribution (VC) type.

The weighted average duration of actuarial obligations is as follows:

	Pension plan - DB	Pension plan - VC	Health Promotion Program PRO-SAÚDE	Group life insurance
2021	11.96	31.12	13.13	13.04
2020	12.10	31.29	12.64	13.02

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18. Other information

1) Actions to mitigate the effects of COVID-19

Since the beginning of the COVID-19 pandemic, the Bank has maintained the necessary measures and protocols recommended, taking the appropriate care of the health of its employees and their family members. In order to ensure support to its customers for them to face the difficulties caused by the pandemic, the Bank quickly organized a remote work system, so as to make resources available for new transactions, renegotiated loans already granted, and defined new parameters for renegotiations with MSBs of product financing granted with its own funds.

BDMG's employees continued to work from home until this quarter, when their safe and planned return to the office has started. The care of the employees' health was maintained through strict compliance with the recommended measures and protocols.

Management believes that, as a result of the measures adopted to face the pandemic, the Bank's assets and liabilities could be affected in the future mostly in relation to the following items:

- Loan transactions - it is possible that there may be an increase in the level of late payments of loan transactions to the extent the amortization of renegotiated transactions granted during the crisis period begins;
- Provisions for civil contingencies - the volume of lawsuits may increase as a result of contracts and renegotiations carried out in the context of the urgent measures adopted;

Due to the degree of uncertainty surrounding the effects of the pandemic, its impacts on assets and liabilities listed above have not yet been measured.

19. Events after the reporting period

1) Validation of credit recognized by court decision

On April 25th, 2022, the Brazilian Internal Revenue Service accepted the application for validation of credit recognized by the final court decision relating to Lawsuit 0021211-52.1995.4.01.3800, which allows BDMG to begin offsetting taxes (Note 6.4.b.i).

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(In thousands of reais, unless otherwise stated)

19. Events after the reporting period (Continued)

2) Provisional Executive Order No. 1115, of April 28th, 2022

Provisional Executive Order No. 1115 amends Law No. 7689 of December 15, 1988, and its impact on financial institutions is an increase in the Social Contribution Tax on Net Profit (CSLL) rate from 20% to 21% in the period from August 1, 2022 to December 31, 2022. For BDMG, the increase in this contribution tax expense is estimated at R\$476 (Note 3.18).

3) Annual General Meeting held on April 28, 2022

The Annual General Meeting decided, among other matters, on the allocation of residual net income in the amount of R\$87,284 for payment of dividends to BDMG shareholders (Note 12.c).

Executive Board

Marcelo Ângelo de Paula Bomfim
Gabriel Viegas Neto
Edmilson Gama da Silva
Marcela Amorim Brant
Rômulo Martins de Freitas

CEO
Deputy CEO
Officer
Officer
Officer

Controllership Supervisory Board

Giovani Rosemberg Ferreira Gomes

Accountant CRC-MG-075701/O-5